

South Carolina State University

 a new state of mind
Orangeburg, South Carolina



Comprehensive Annual Financial Report

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina
For The Year Ended June 30, 2011

**South Carolina State University
Orangeburg, South Carolina**



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For The Year Ended June 30, 2011

**Prepared By
The Office of the Controller**

South Carolina State University
Comprehensive Annual Financial Report For The Year Ended June 30, 2011

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South Carolina State University Comprehensive Annual Financial Report



Fine Arts Building

Introductory Section



South Carolina State University

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ORANGEBURG, SOUTH CAROLINA 29117-0001
(803) 536-7013 / 7014

FAX: (803) 533-3622

October 3, 2011

Dear Alumni, Advocates, and Friends of South Carolina State University:



During the 2010-2011 academic year, SC State University remained steadfast in its mission to educate students. With any institution there exist trials and tribulations however, our success is measured by the students we educated and prepare for a global workforce. I am proud to report that this legacy lives on and we continue to graduate the best and brightest in the state and beyond. Four of our recent graduates were recently employed by Booze, Hamilton, Allen.

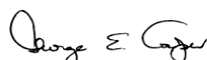
The University continues to expand and improve its infrastructure. Students started classes in the new Leroy Davis Science Building (Hodge Hall Annex) in January 2011. The Transit Research Building of the James E. Clyburn Transportation Research Center is well underway with occupancy expected in September of 2011. The Center's goals are supporting research, providing educational experiences for students enrolled in the M.S. degree program and providing outreach services to stakeholders who benefit from the expertise of transportation faculty.

In addition to our number one ranking in Social Mobility (2010), SC State University was recently recognized by Forbes Magazine as being among the top twenty percent of research universities in the nation. Alumni continue to make us proud of their accomplishments.

The University's Foundation is off to a great start with over \$3.5 million raised from alumni, corporate sponsors and friends during the 2010-2011 fiscal year. The funds were used to aid students with their financial needs. This is an increase of 1.2 million over the 2009-2010 fiscal year. We also continue to use the mobile giving campaign where contributors can use cell phones to make financial contributions to SC State University. The Wilson Bennett Company is assisting us again to manage our on-going phone-a-thon campaign. As we receive and manage these resources and those from the State, Federal agencies, corporate donors and others, we will be accountable for managing these investments.

SC State University continues its legacy of producing students who are very well equipped to work and live in all communities. Our goal is to excel to an even higher level of excellence as we improve academic infrastructure, improve administrative and physical infrastructure, strengthen our efforts related to institutional advancement and fund raising, promote research and improve student life. These goals will be realized through the work of all of us who support the University. As you review our audit report, I hope that you find that we are efficiently managing our financial and program resources.

Sincerely,


George E. Cooper
President

South Carolina State University

300 COLLEGE STREET, NORTHEAST
ORANGEBURG, SOUTH CAROLINA 29117-0001
(803) 536-8998

LETTER OF TRANSMITTAL

To the President and Members of the Board of Trustees:

Management is pleased to present to you the Comprehensive Annual Financial Report of South Carolina State University for the fiscal year ended June 30, 2011.

Management asserts that this financial report is complete and reliable in all material respects, and accepts full responsibility for the completeness and reliability of all the information presented in this report. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction. The University's MD&A can be found immediately following the report of the independent auditor.

Profile of the University

South Carolina State University (SC State), a senior comprehensive teaching and 1890 land-grant institution, is committed to providing affordable and accessible quality undergraduate and graduate degree programs. SC State is a public university, with a student population of approximately 4,500 located in Orangeburg, SC. Orangeburg is a small rural/agricultural city in the middle of the state that has evolved to include businesses and industries that are national and international in scope. The university currently offers 54 undergraduate degree programs through three academic colleges and nine graduate degree programs (1 doctoral degree and 8 master's degree programs).

SC State's 1890 land-grant legacy of service to citizens of the local community, the state, nation, and global society is ensured through its collaborative efforts with businesses, secondary education, colleges and industries. This symbiotic relationship provides a catalyst that spurs reciprocal economic and social growth for all.

Economic Environment

SC State is maintaining a stable enrollment. However, the University is experiencing a modest reduction as students and families deal with the economic challenges experienced by the state and nation. The University remains sensitive to the financial constraints facing many of our students, this year SC State increased its tuition and fees 4.0% to help offset rising costs.

Unlike the previous three years of decline in revenue collections, this year the state experienced a modest growth in revenue for the fiscal year ended June 30, 2011. Therefore for the first time in three years the University did not experience a mid-year budget reduction. This allowed the University to maintain its operational level and meet its budgeted financial obligations.

Based on revenue projections for the state, it appears that there will not be additional reductions in fiscal year 2012. However, the University will continue to keep in place the budget reduction measures imposed in fiscal year 2010, as well as monitor all spending very closely. When revenue streams improve for the state, we anticipate that the majority of the state's education budget will be designated for K-12 and human services programs. The legislature continues to earmark South Carolina Education Lottery funds for institutional technology projects and directly to students for tuition assistance, while funding for general operations has steadily decreased.

In regards to tuition revenue, SC State's resident tuition and fees is in the lower range compared to other in-state peer institutions. The Board of Trustees continues to express concerns over the burden tuition and fee increases are having on families, an increase of 4.0% was approved for fiscal year 2011. Although modest, the increase in tuition and fees was necessary to ensure University was able to carry out its mission and provide a quality education. The governing body will continue to monitor the issue of raising tuition while striving to remain competitive with other colleges and universities in the state on an on-going basis.

SC State is situated in a rural county. As a result, the operations of the institution have a substantial economic impact on the surrounding communities. To document this fact, the results of an economic impact study of SC State revealed the following:

"There are many facets to the economic impact of an institution of higher education, including both the short-term impact on the local economy via local spending by the University and its faculty, staff, students and visitors, and the longer-term impact on the economy based on higher education levels, increased productivity and improvements in the quality of life in the area.

The purpose of this economic impact research has been to quantify the first set of impacts (e.g. those impacts on economic activity that can accurately be estimated using the standard tools of economic impact analysis)."

Consequently, the research focused on the economic impact of the following specific activities associated with SC State:

1. The regular, ongoing operations of the university itself – including the cost of faculty, staff, and other non-labor expenditures.
2. University construction projects from recent years, as well as planned projects for the future.
3. SC State University student expenditures in the local economy, excluding payments made directly to the university.
4. Visitor spending at SC State University Homecoming football games.

A sample of the economic impact of these activities is provided below. Many of these components are relatively stable from year to year, and these results provide a good indication of predicted future impacts. In particular, the construction component is expected to have a substantially high economic impact in the coming years as the University engages in several large-scale capital projects. These projects, which will include modernizing, expanding, and enhancing the University's facilities, will also provide a significant boost to the local economy.

SC State's economic impact for fiscal year 2005 included:

- A total addition to the local economy of \$152.5 million. This represents the level of sales at local businesses that can be attributed to the presence of SC State University.
- A total impact on local household income of \$69.5 million. This represents the portion of Orangeburg area household income that can be traced to the activities of SC State University.
- A total of 1,558 jobs in the Orangeburg area reflecting jobs at the university, as well as jobs throughout every sector of the local economy.
- Total local sales tax collections of \$500,000 annually – representing a substantial portion of total local sales taxes collected in Orangeburg County.

FINANCIAL INFORMATION

Internal Controls

Management maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Legislature. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. An internal control structure has been implemented to accomplish two primary objectives: (1) ensure that the University's assets are protected from loss, theft, or misuse, and (2) ensure that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with legal requirements and Generally Accepted Accounting Principles (GAAP).

The concept of reasonable assurance recognizes that, the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits require estimates and judgments by management. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls

SC State prepares, on an annual basis, a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the university to include educational and general activities, the operations of auxiliary enterprises, all sponsored program activities, and all capital projects. The budget preparation is based on programmatic planning by the university through department heads, academic offices, the president's cabinet, and the President. The budget is then presented to the Board of Trustees for approval. Budget versus actual reports are prepared quarterly for review and presentation to the Audit and Finance Committee, and Board of Trustees.

Debt Management

SC State follows a debt management strategy to ensure the university stays within the framework of an acceptable level of debt. Management monitors the debt service level to remain apprised of the effects of long-term debt on the University's credit rating. This strategy acknowledges that, although all University revenues are generally available to meet any need, debt issued for one operational segment should be repaid from the resources generated by that segment.

Cash Management

State law requires that substantially all of the University's receipts and disbursements be made using bank accounts in the name of the South Carolina State Treasurer. The State Treasurer performs almost all cash management activities for the University's cash

balances on deposit with in-state bank accounts. As a participant in the state's cash management pool, the University receives investment income allocations for certain qualifying cash balances.

Risk Management

SC State participates in the state of South Carolina's state-wide risk management program. The state's program assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group-life insurance benefits.

The University pays premiums to the state's insurance reserve fund to cover the risk of loss related to buildings (including contents) and property, general tort liability, medical professional liability, blanket accident trip coverage, automobile liability, and automobile physical damage.

Relevant Financial Policies

In addition to being guided by its own strategic plan, the University is a part of state government in South Carolina, and as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding, and other operating practices. A budget, which is built on a robust internal budget process, is submitted annually to the Governor's Office.

The University uses a bottom-up process first that requires identified needs from department heads, deans, and chairs. These requests are then forwarded to cabinet members. A budget committee is formed that includes the President and presentations are made by each cabinet member. A budget is then presented to, agreed upon, and approved by the Board of Trustees.

Major Initiatives

Major initiatives have been identified that will ensure the viability of the Institution. The financial management team is proud to support these initiatives:

1. Capital Improvement and Deferred Maintenance

Major projects were planned and implemented to address the University's brick and mortar needs. The following projects and activities were in various stages of implementation during fiscal year 2010. Infrastructure projects are targeted in the following areas:

A. Classroom Buildings

1. Completion of Hodge Hall Science Building Annex (named the Leroy Davis, Sr. Hall) in the spring of this year and is now currently occupied.
2. The Engineering/Computer Science Building construction began. The completion of construction is scheduled for fall 2012. Both of these classroom buildings are funded, in part, from a \$32 million Institutional Bond issue.

B. Administrative and Research Buildings

1. Phase I A&B of the James E. Clyburn Transportation Research and Conference Center had significant activity during the year. Phase IA which is the Transit Research Center was completed in August 2011. Phase IB, the Emily Clyburn Archives Center is in the final staged of Architectural and Engineering work with construction scheduled to begin spring 2012.
2. The Board of Trustees approved the construction of a Health, Wellness and Conference Center to be built on the north end of the Oliver C. Dawson Football Stadium. The University has identified funding of this \$1.8 million facility which will be a combination of private giving, student and users fees. The University is currently in the process of receiving state regulatory approvals.

C. There were many deferred maintenance projects completed during the year. Among the projects completed are roof repair and replacements, road repairs, and heating ventilation and A/C systems.

2. Improve quality of academic programs

Academic quality is a result of a dedicated faculty and the leadership provided by the University's Vice President of Academic Affairs. The faculty continually strives for excellence in teaching, research, and service. The accomplishments of the University's faculty are numerous. For example, there has been an increase in funded research grants and scholarly publications. There's also been an increase in faculty participation in broad international, national, and local professional activities. All programs reviewed by accrediting bodies this year were reaffirmed. The program in Visual Arts received its initial accreditation and a new degree program in Communications was approved. Through a new Faculty Development Academy, faculty is provided ongoing development in teaching, learning and mentoring workshops. As a result, the University's faculty is becoming more innovative by increasingly integrating technology into their teaching process. While developing highly skilled undergraduates is a top priority, the university continues to receive high ranks in the production of doctorates in education administration. Summer initiatives such as The Bridge Program, The Academic Enhancement Academy, and The Nuclear Science Camp provide a bridge between high school and college. Moreover, while all colleges and universities are expected to produce the academic minds and scientific

research that advance knowledge and drive economic growth, the SC State ranks 1st in the nation for social mobility (*The Washington Monthly College Third Annual College Ranking 2008*).

3. Strategically planning for the future

The development of a strategic plan greatly helps to clarify the University's goals and ensures that key managers within the University are all on one accord. Financial management supports the University's strategic plan that defines and articulates the following:

- A. The University's goals and objectives.
- B. The purpose of the University and the realistic goals and objectives consistent with the Institution's mission, and the time frame within the University's capacity for implementation.
- C. The priority in which the University's resources should be focused.
- D. A base from which progress can be measured and a mechanism for informed change when needed.

4. Enhance student life and performance

Management is committed to the theory and practice of "*helping students learn and grow.*" Evidence supports the claim that students are truly achieving learning and development goals that include intellectual, cognitive, social, civic, political, moral, ethical, and spiritual dimensions.

OTHER INFORMATION

Independent Audit

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. Under the terms of this contract, Cherry, Bekaert and Holland, LLP (CB&H) will perform an audit of the University's financial statements and the University's federal financial assistance programs through fiscal year 2011.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2011, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to an independent audit, SC State is audited on a periodic basis by the SC Budget & Control Board to ensure compliance with provisions of the South Carolina Procurement Code.

Certificate of Achievement for Excellence in Financial Reporting


The Government Finance Officers Association of the United States and Canada (GFOA), awarded a Certificate of Achievement for Excellence in Financial Reporting to South Carolina State University for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This CAFR report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Management thanks the President of the University and members of the Board of Trustees for their continued support and dedication to excellence and integrity in fiscal affairs of the South Carolina State University. We would also like to extend our appreciation to all of our colleagues across campus whose dedication and hard work resulted in a successful closure of the fiscal year.

Sincerely,



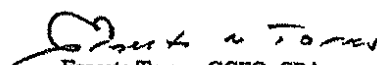
John E. Smalls

Senior Vice President for finance, Facilities and MIS



Joseph M. Pearman, Jr. CPA

Assistant Vice President for Fiscal Affairs



Ernesto Torres, CGFO, CPA

Controller



Raul Bravo Cedeno, CPA, CIA

Director of Accounting and Financial Reporting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Carolina State University

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

South Carolina State University

Board of Trustees

2010-2011



Nikki Hailey
Governor



Jonathan N. Pinson
Chairman



Dr. John H. Corbitt
Vice Chairman



General (Retired) Walter F. Johnson, III
Gubernatorial Appointee



Robert M. Nance
Secretary, Seat 7 At-Large



Gail Joyner-Fleming
First District



Linda K. Edwards-Duncan
Fifth District



Maurice Washington
Sixth District



Anthony T. Grant
Second District



Matthew Richardson
Seat 8 At-Large



Patricia B. Lott
Seat 9 At-Large



Dr. Walter Tobin
Seat 11 At-Large



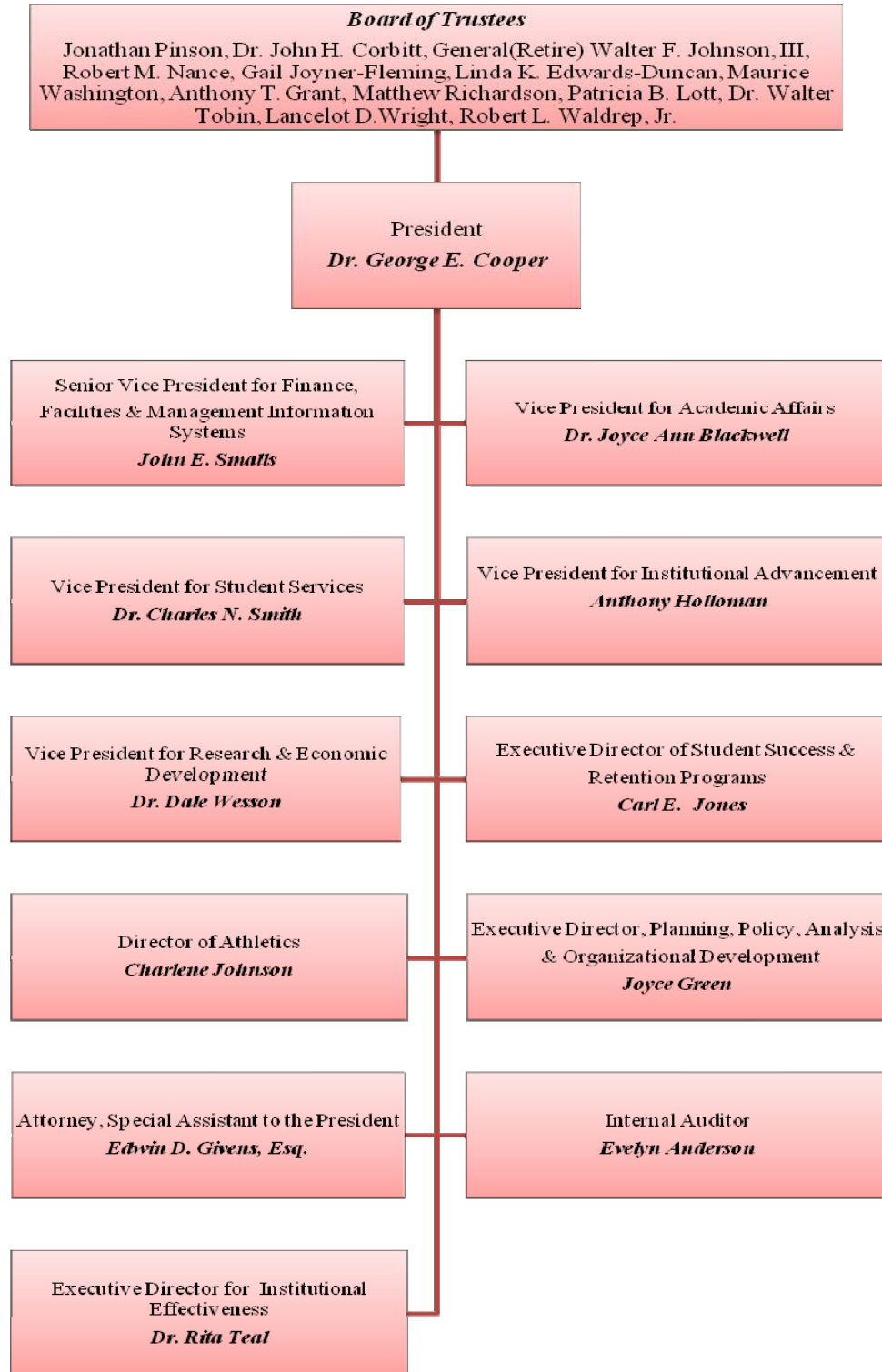
Lancelot D. Wright
Seat 12 At-Large



Robert L. Waldrep, Jr.
Third District

South Carolina State University

Organizational Structure



South Carolina State University Business and Finance Officers

John E. Smalls

Senior Vice President for Finance, Facilities and MIS

Joseph M. Pearman, Jr., CPA

Assistant Vice President for Finance, Facilities and MIS

Ernesto M. Torres, CPA, CGFO, MBA

Controller

Raul B. Cedeno, CPA, CIA, MBA

Director of Accounting and Financial Reporting

South Carolina State University Comprehensive Annual Financial Report



Leroy Davis, Sr. Science Building (Hodge Hall Annex)

Financial Section



Independent Auditors' Report

Members of the Board of Trustees
South Carolina State University
Orangeburg, South Carolina

We have audited the accompanying financial statements of the business-type activity and the discretely presented component unit of South Carolina State University, (the "University") as of and for the year ended June 30, 2011 which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the South Carolina State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the basic financial statements, the accompanying financial statements of the University are intended to present the financial position, the changes in its financial position, and cash flows of only that portion of the business-type activities of the State of South Carolina financial reporting entity that is attributable to the transactions of the University. They do not purport to and do not, present fairly the financial position of the State of South Carolina, as of June 30, 2011, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activity and the discretely presented component unit of the University as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2011 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 17 through 21 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Bekaert & Holland, L.L.P.

Charlotte, North Carolina
October 3, 2011

SOUTH CAROLINA STATE UNIVERSITY

Management's Discussion and Analysis

Year Ended June 30, 2011

Introduction

We are pleased to submit the annual Financial Statements for South Carolina State University (SCSU) for the fiscal year ended June 30, 2011. The following discussion and analysis have been prepared by the management of South Carolina State University to provide an overview of the financial activities of the University for the fiscal year ended June 30, 2011. Audited financial statements for fiscal year 2010 are not presented with this report; condensed operations and financial position will be presented in this section in order to illustrate pertinent increases and decreases. Please read this section in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for the University has been prepared to meet the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statement's and Management's Discussion and Analysis for Public Colleges and Universities*. The University has incorporated one non-governmental component unit, South Carolina State University Foundation, Inc. (the "Foundation"). Two of the Foundation's statements: (1) Statement of Financial Position and (2) Statement of Activities are presented separately in the University's report. Management's discussion and analysis addresses the activity of the University and does not include financial activity of the Foundation. Information presented in the Financial Statements is designed to aid a wide variety of readers in assessing the effectiveness of the University's management in using its resources to meet its primary mission of instruction, research, and public service, and to provide a comprehensive picture of the University's financial activities and soundness.

Using this Annual Report

This annual report consists of the following financial statements: Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows. These financial statements illustrate the financial condition of the University, the cash flows (sources and uses of funds) of the University as a whole, and the results of operations. As a result of the implementation of GASB Statement 34, public colleges and universities of South Carolina elected to report as business type activities (BTAs). These statements, therefore, are intended to provide a view of the University's financial position similar to that presented by most private sector companies. The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting takes into consideration all of the University's revenue and expenses regardless of when cash is received or payments are made. Significant revenues of the University such as state appropriations, gifts, Pell grants, and investment income are considered non-operating.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. This statement is a point-of-time financial statement that provides the reader with a fiscal snapshot of South Carolina State University. The Statement of Net Assets consists of assets (current and non-current), liabilities (current and non-current) and net assets (assets minus liabilities). Current assets consist primarily of cash and receivables. The current portion of the assets will be converted to cash within one year to be used to pay the current portion of the liabilities. Current liabilities consist principally of accounts payables and accrued compensation. These liabilities will be settled within one year. Non-current assets consist primarily of capital assets, net of accumulated depreciation. Non-current assets will not be converted to cash within one year. Non-current liabilities consist primarily of notes and bonds payables, net of the current portion, and accrued compensation, net of the current portion. Non-current liabilities will not be settled within one year. Net assets are divided into three major categories. The first category, Invested in Capital Assets, Net of Debt, provides the University's equity in property, plant, and equipment owned by the University. The next category is restricted net assets, which is further divided into two categories, nonexpendable and expendable. The corpus of the nonexpendable restricted resources is for investment purposes only and therefore not available for expenditure. The expendable restricted net assets are available for expenditure by the University, but are restricted for specific purposes based on defined restrictions by donors and/or external entities. The third category of net assets is unrestricted net assets. These assets include balances from operations of Education and General (E&G) activities, auxiliary enterprises, quasi-endowments and unexpended plant funds and may be expended for any lawful purpose of the University.

The "Condensed Statement of Net Assets" as shown below, presents a comparison of assets, liabilities, and net assets between June 30, 2010 and June 30, 2011.

Condensed Statement of Net Assets

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current Assets	\$ 11,682,322	\$ 10,949,525	\$ 732,797	6.69%
Non-current Assets	31,501,750	36,305,715	\$ (4,803,965)	-13.23%
Capital Assets, Net	119,039,356	112,993,222	6,046,134	5.35%
Total Assets	\$ 162,223,428	\$ 160,248,462	\$ 1,974,966	1.23%
Liabilities:				
Current Liabilities	\$ 16,259,692	\$ 14,719,692	\$ 1,540,000	10.46%
Non-current Liabilities	77,736,721	81,219,058	(3,482,337)	-4.29%
Total Liabilities	\$ 93,996,413	\$ 95,938,750	\$ (1,942,337)	-2.02%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 62,025,178	\$ 59,034,120	\$ 2,991,058	5.07%
Restricted-Nonexpendable	766,537	938,208	(171,671)	-18.30%
Restricted—Expendable	4,507,036	5,656,617	(1,149,581)	-20.32%
Unrestricted	928,264	(1,319,233)	2,247,497	170.36%
Total Net Assets	\$ 68,227,015	\$ 64,309,712	\$ 3,917,303	6.09%

The vast majority of current assets (91%) are composed of cash and cash equivalents, along with student and grant accounts receivables, net of allowance for doubtful accounts. Current liabilities consist primarily of accounts payable, accrued payroll, deferred unearned student revenues, and bonds and notes payables (77%).

The increase in current assets is almost wholly attributable to the increase in cash and cash equivalents and student accounts receivables. Non-current assets had a decrease of \$4.8 million or 13%. The reduction is wholly attributable to restricted cash and cash equivalents for construction projects on the campus (\$3.9 million) and student loan receivables (\$853,454). The decrease applicable to restricted cash and cash equivalents is reflected in the increase in capital assets. Capital assets increased by \$6 million. The University had a net increase in construction in progress by \$6.76 million. This increase mainly consists of on-going construction of the James E. Clyburn Transportation Center and the Computer Science/Engineering Building. See Note 5 for detail information of capital asset changes. Current liabilities increased by \$1.5 million (10%) from the prior year. The increase consists of a \$2.1 million (79%) of accounts payable and retainage payables offset by decreases in deferred and unearned student revenue of \$762,000 (22%). The increase of \$2.2 million in unrestricted net assets is the impact of the increase in cash and cash equivalents and decrease in liabilities as discussed above. Overall, total assets and total liabilities remained consistent with only a 1.75% asset increase and a 2% liability decrease from the prior year.

Net assets are a good indicator of the University's financial position and are useful as a trend measurement tool of financial strength, once additional historical data is obtained.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets is a presentation of the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or non-operating. The financial reporting model selected by public institutions classifies state appropriations, Pell grants, gifts, and ARRA stimulus funding as non-operating revenues. Since the University is a public institution and depends upon state aid and gifts, the University's statement will result in an operating deficit, all things being equal. This statement will reflect the utilization of long-lived or capital assets in the form of depreciation expense. Depreciation expense amortizes the cost of a capital asset over its expected useful life.

Generally speaking, operating revenues are earned or received for providing goods and services to the various customers or students and constituencies of the University. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided. Operating revenues and expenses are a result of implementation of the University's mission. Non-operating revenues are revenues received for which there is not a reciprocal agreement – no goods and services are provided.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues				
Student tuition and fees (net of allowance)	\$ 35,822,251	\$ 34,568,248	\$ 1,254,003	3.63%
Grants and contracts	36,594,029	30,459,612	6,134,417	20.14%
Sales and services (net of allowance)	16,560,369	15,232,456	1,327,913	8.72%
Other operating revenues	2,624,320	1,500,136	1,124,184	74.94%
Total Operating Revenues	\$ 91,600,969	\$ 81,760,452	\$ 9,840,517	12.04%
Operating Expenses				
Salaries and wages and related fringe benefits	59,061,512	59,240,115	(178,603)	-0.30%
Services, supplies, and others	37,083,578	31,843,708	5,239,870	16.45%
Utilities	3,514,233	2,882,445	631,788	21.92%
Scholarships	15,913,067	16,772,402	(859,335)	-5.12%
Depreciation	5,371,813	5,182,954	188,859	3.64%
Total Operating Expenditures	\$ 120,944,203	\$ 115,921,624	\$ 5,022,579	4.33%
Operating Loss	\$ (29,343,234)	\$ (34,161,172)	\$ 4,817,938	-14.10%
Non-Operating Revenues (Expenses)				
State appropriations	14,084,314	19,154,845	(5,070,531)	-26.47%
Federal grants	17,998,625	17,750,231	248,394	1.40%
Gifts	213,720	525,487	(311,767)	-59.33%
Interest and other investment income (expense)	(3,561,732)	(2,147,719)	(1,414,013)	65.84%
Loss on disposal of assets and other non-operating	(91,189)	-	(91,189)	100.00%
Non-Operating Revenues (Expenses)	\$ 28,643,738	\$ 35,282,844	\$ (6,639,106)	-18.82%
Income before other revenues, expenses, gains or losses	(699,496)	1,121,672	(1,821,168)	-162.36%
Capital grants and gifts and Capital Improvement Bonds	4,616,799	6,923,360	(2,306,561)	-33.32%
Increase in Net Assets	\$ 3,917,303	\$ 8,045,032	\$ (4,127,729)	-51.31%
Net Assets at Beginning of Year	\$ 64,309,712	\$ 56,264,680	\$ 8,045,032	14.30%
Net Assets at End of Year	\$ 68,227,015	\$ 64,309,712	\$ 3,917,303	6.09%

Operating revenues for Student Tuition and Fees and the Auxiliary Enterprises have been shown net of Scholarship Allowances. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the institution and the amount that is billed to the student and/or third parties making payments on behalf of the student. Tuition and fees recognized a slight increase of approximately 4% from the prior year. There was a Board mandated 5% tuition increase for the year. The decline in enrollment offset some potential additional revenue to be derived from the tuition increase. Overall operating revenues had an increase of \$9.8 million or 12%. This increase was mainly impacted by \$1.5 million in housing revenue due to increased room costs along with an increase of \$3.3 million of Capital construction costs related to the Clyburn Transportation Center from the prior year, \$4 million increase in the Textbook Learning and Materials Grant from USAID. Non-operating revenues (expenses) decreased by \$6.6 million or 19% which reflects the reduction of State Appropriations of \$5 million and interest expense above interest revenue of \$1.4 million. This is as a result of the progress made on capital construction projects

There was an increase of \$5 million or 4% in operating expenses from fiscal year 2010 to fiscal year 2011. Salaries and related fringe benefits remained consistent with the prior year while service and supplies expenditures were increased by \$5.2 million. This can be attributed to the \$10 million increase in federal grants. The University also experienced an increase in utility costs of \$632,000 or 22%. This was due to rising utility costs and bringing on-line the new Leroy Davis, Jr. building

The University's "Operating Loss" of \$29.3 million is a decrease of \$4.8 million from the loss recognized in fiscal year 2010. This is the net result of the increases in operating revenues and operating expenditures as described above.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first section details operating cash flows and shows the net cash used by the operating activities of the University. The second section details cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section details cash flows from capital and related financing activities. This section reflects cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss on the Statement of Revenues, Expenses, and Changes in Net Assets. This section is detailed in the financial statements of the University and is not included in this analysis. A synopsis of the Statement of Cash Flows follows.

Condensed Statement of Cash Flows

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Cash used by operating activities	\$ (21,989,740)	\$ (33,801,451)	\$ 11,811,711	-34.94%
Cash provided by non-capital financing activities	32,296,659	37,430,563	\$ (5,133,904)	-13.72%
Cash used by capital debt and related financing activities	(14,168,988)	(8,029,423)	(6,139,565)	76.46%
Cash provided by investing activities	248,614	1,629,088	(1,380,474)	-84.74%
Net Increase (Decrease) in Cash	(3,613,455)	(2,771,223)	(842,232)	30.39%
Cash, Beginning of Year	34,754,436	37,525,659	(2,771,223)	-7.38%
Cash, End of Year	\$ 31,140,981	\$ 34,754,436	\$ (3,613,455)	-10.40%

Cash and cash equivalents decreased by \$3.6 million or 10.4% from the prior year. This is due in large part to the University experiencing a \$5.0 million reduction in total state appropriations. The majority of state agencies suffered substantial budget cuts due to State revenue shortfalls.

Capital Asset and Debt Administration

The University's "Statement of Net Assets" reflects total Capital Assets, net of accumulated depreciation, as of June 30, 2011 of \$119 million. This amount is presented net of accumulated depreciation and includes land, plant (facilities), equipment, and construction in progress.

The University's financial statements reflect \$76.6 million in notes and bonds payable. The University's bonded indebtedness consisted of: State Institution bonds of \$31.1 million, stadium improvement revenue bonds of \$455,000, student residential life building revenue notes of \$37.2 million, and State Treasurer's Office Master Loan Program of \$7.2 million. Revenue bonds for stadium improvement and student housing notes are paid with pledged net revenues. For additional information on Debt Administration, see Notes 9, 10, and 11 in the notes to the financial statements.

The University had \$14.7 million in construction in progress as of June 30, 2011. Specific components of the construction in progress are: James E. Clyburn Transportation Center (\$9.4 million), Computer Science/Engineering (\$4.4 million), Campus-wide Energy Performance Project (\$.8 million), Library expansion (\$.2 million). New capital equipment and machinery, with an individual cost of \$5,000 per item, was increased during the fiscal year by \$5 million. See Note 5 for further detail of the capital assets.

Economic Outlook

South Carolina State University for the fourth year experienced a dramatic decline in state appropriations, (as well as to all public institutions in South Carolina and throughout the country). State funds are allocated through the South Carolina General Assembly appropriations process. Decisions made by the administration in response to this decline were deliberate and strategic to ensure the continued quality of the education students receive at the institution while also not compromising the academic integrity of the program offerings. In order to meet the challenges of the appropriation reductions the administration met continually to review all programs in light of the state allocation reductions and decisions were made that were in the best interest of the students. The University has implemented moderate increases in tuitions and fees during this period to help offset the reduction in state appropriations. However the anticipated revenue from the tuition increases were negated by declines in enrollment. The university has also strengthened and heightened its recruitment and fundraising efforts to assist in addressing the financial needs. Based on current trends in the national and state financial climate, SC State is expected to continue to experience moderate increases in tuition and fees over the next several years.

Increasing enrollment will be key to tempering future tuition increases along with staying competitive in the higher education market. University management is poised to expect further declines in support from the State General Assembly. One major cost to the University is deferred maintenance. The University anticipates an upgrade and replacement of major controls and systems on the campus via the implementation of an energy performance contract. The debt service for this contract is derived through guaranteed savings from utility costs from the higher efficiency systems and controls to be installed. This is expected to reduce our deferred maintenance costs significantly in the future. Every effort will be made to ensure that SC State is competitive with other quality institutions in terms of facilities, equipment and overall campus living environment. The State's Board of Economic Advisors have guarded optimism that the State is slowly coming out of the recession and revenue projections are increasing beyond the actual revenues recognized in the prior four years.

More Information

This financial report is designed to provide a general overview of the University's finances and to demonstrate the University's accountability for the funds it receives. Any questions regarding this report or requests for information may be addressed to the Assistant Vice President of Finance, Facilities, and Management Information Systems, Joseph M. Pearman, Jr., CPA; 300 College Street, N.E. PO Box 7007; Orangeburg, South Carolina 29117-0001.

SOUTH CAROLINA STATE UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 3,724,461
Accounts receivable (net of allowance for doubtful accounts of \$1,749,000)	2,361,210
Federal grants receivable	3,994,210
State grants receivable	597,397
Other receivables	717,909
Prepaid expenses	287,135
Total current assets	<u>11,682,322</u>

Noncurrent Assets:

Restricted cash and cash equivalents	27,416,520
Student loans receivables (net of allowance for doubtful accounts of \$1,128,000) ..	3,589,754
Investments	107,874
Capital assets (net of accumulated depreciation of \$57,741,800)	119,039,356
Note issue costs (net of amortization of \$343,496)	387,602
Total noncurrent assets	<u>150,541,106</u>
Total Assets	\$ <u>162,223,428</u>

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	\$ 4,755,381
Accrued payroll and related liabilities	2,101,884
Deferred and unearned student revenue	2,765,562
Student deposits	678,991
Funds held for others	95,973
Compensated absences payable	1,422,896
Accrued interest payable	997,173
Capital lease payable	485,170
Notes and bonds payable	2,956,662
Total current liabilities	<u>16,259,692</u>

Noncurrent Liabilities:

Compensated absences payable	2,585,623
Notes and bonds payable	73,083,278
Capital lease payable	143,709
Federal loan fund contributions	1,924,111
Total noncurrent liabilities	<u>77,736,721</u>
Total Liabilities	\$ <u>93,996,413</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 62,025,178
Restricted for:	
Nonexpendable:	
Endowed professorships	766,537
Expendable:	
Student loans	2,238,942
Debt service	2,268,094
Unrestricted	928,264
Total Net Assets	\$ <u>68,227,015</u>

See Accompanying Notes to Financial Statements

SOUTH CAROLINA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2011

REVENUES

Operating Revenues:

Student tuition and fees (net of scholarship allowances of \$11,683,166)	\$	32,839,592
Student tuition and fees pledged for revenue bonds		2,982,659
Federal grants and contracts		26,996,607
State grants and contracts		9,322,047
Non-governmental grants and contracts		275,375
Sales and services of educational departments		2,966,818
Sales and services of auxilliary enterprises (net of scholarship allowances of \$5,114,175)		11,006,628
Sales and services of auxilliary enterprises pledged for revenue bonds		2,586,923
Other operating revenues		2,624,320
Total operating revenues		<u>91,600,969</u>

EXPENSES

Operating Expenses:

Salaries and wages	46,411,360
Fringe benefits	12,650,152
Services, supplies, and others	37,083,578
Utilities	3,514,233
Scholarships	15,913,067
Depreciation and amortization	5,371,813
Total operating expenses	<u>120,944,203</u>
Operating loss	<u>(29,343,234)</u>

NONOPERATING REVENUES (EXPENSES)

State appropriations	14,084,314
Federal grants and contract	17,998,625
Gifts	213,720
Interest and other investment income	182,832
Interest expense	(3,744,564)
Loss on disposal of assets	(91,189)
Net nonoperating revenues	<u>28,643,738</u>
Loss before other revenues, expenses, gains or losses	(699,496)
Capital grants and gifts	4,616,799
State capital improvement bond proceeds	-
Increase in net assets	<u>3,917,303</u>

NET ASSETS

Net assets - Beginning of Year	64,309,712
Net assets - End of Year	<u>\$ 68,227,015</u>

See Accompanying Notes to Financial Statements

SOUTH CAROLINA STATE UNIVERSITY
STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 34,919,355
Federal grants and contracts	27,473,616
State Grants and contracts	8,624,884
Non-government grants and contracts	552,859
Sales and services of educational department and other activities	2,909,874
Sales and services of auxiliary enterprises	13,826,039
Other operating revenues	2,624,320
Payments to employees for salaries and benefits	(58,971,583)
Payments to suppliers	(34,692,940)
Payments for utilities	(3,514,233)
Payments to students for scholarships and fellowships	(15,913,067)
Inflows from Federal Family Education loans	41,679,035
Outflows from Federal Family Education loans	(41,652,493)
Loans issued to students	(407,701)
Collection of loans to students	395,129
Others	157,166
Net Cash Used By Operating Activities	<u>(21,989,740)</u>

CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES

State appropriations	14,084,314
Federal grants and contracts	17,998,625
Gifts	213,720
Net Cash Provided by Non-Capital Financing Activities	<u>32,296,659</u>

CASH FLOWS FROM CAPITAL DEBT AND RELATED FINANCING ACTIVITIES

Proceeds from federal/donated capital projects	4,243,876
Purchases of capital assets	(11,314,301)
Proceeds from note payable	124,574
Principal paid on capital debt and issuance costs	(2,843,342)
Principal paid on capital lease payable	(474,543)
Interest paid on capital related debt	(3,905,252)
Net Cash Used by Capital Debt and Related Financing Activities	<u>(14,168,988)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on deposits and investments	256,164
Purchase of investments	(7,550)
Net Cash Provided by Investing Activities	<u>248,614</u>
Net change in cash	(3,613,455)
Cash and cash equivalents - Beginning of the Year	34,754,436
Cash and Cash Equivalents - End of the Year	<u>\$ 31,140,981</u>

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

Operating loss	\$ (29,343,234)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	5,314,064
Loan amortization expense	57,749
Changes in assets and liabilities:	
Accounts receivable, net	(575,089)
Grants and other receivables	90,558
Student loan receivable - net	853,454
Prepaid expenses	(162,215)
Accounts payable and accrued expenses	2,123,245
Compensated absences payable	59,567
Deferred and unearned student revenue	(351,398)
Student deposits	(240,149)
Other	183,708
Net Cash Used by Operating Activities	<u>\$ (21,989,740)</u>

NON-CASH TRANSACTIONS

Decrease in fair value of deposits and investments	\$ (599,383)
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RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES:

Current Assets:	
Cash and cash equivalents	\$ 3,724,461
Non-current Assets:	
Restricted cash and equivalents	27,416,520
Total Cash and Cash Equivalents	<u>\$ 31,140,981</u>

See Accompanying Notes to Financial Statements

SOUTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.

Statement of Financial Position December 31, 2010

Assets

Cash and cash equivalents	\$ 399,458
Contributions receivable	145,247
Pledges receivable, less allowance for doubtful accounts	140,458
Investments	6,066,336
Cash value of life insurance	3,187
Art collections	224,015
Land	23,700

Total assets	\$ 7,002,401
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Liabilities and net assets

Accounts payable and accrued expenses	\$ 24,363
Due to South Carolina State University	513

Total liabilities	24,876
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Net assets

Unrestricted	(279,231)
Temporarily restricted	3,596,783
Permanently restricted	3,659,973

Total net assets	6,977,525
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Total liabilities and net assets	\$ 7,002,401
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SOUTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.

Statement of Activities

December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 168,222	\$ 2,295,103	\$ 278,197	\$ 2,741,522
Investment income	280,593	232,647	-	513,240
Bad debts (expense) recovery	(38,370)	-	-	(38,370)
Net assets released from restrictions	2,601,842	(2,351,304)	(250,538)	-
Total revenues	<u>3,012,287</u>	<u>176,446</u>	<u>27,659</u>	<u>3,216,392</u>
Expenses				
Program				
Scholarships	1,348,312	-	-	1,348,312
Educational programs and development	1,085,271	-	-	1,085,271
Total program expenses	2,433,583	-	-	2,433,583
Administration	239,436	-	-	239,436
Fund-raising	104,181	-	-	104,181
Total expenses	<u>2,777,200</u>	<u>-</u>	<u>-</u>	<u>2,777,200</u>
Change in net assets	235,087	176,446	27,659	439,192
Net assets at beginning of year	<u>(514,318)</u>	<u>3,420,337</u>	<u>3,632,314</u>	<u>6,538,333</u>
Net assets at year end	<u>\$ (279,231)</u>	<u>\$ 3,596,783</u>	<u>\$ 3,659,973</u>	<u>\$ 6,977,525</u>

SOUTH CAROLINA STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

South Carolina State University (the "University") is a State-supported coeducational institution of higher education. The University serves local, regional, state, national, and international communities by providing academic instruction, conducting research and other activities that advance fundamental knowledge, and by disseminating knowledge to the public.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, was issued in May 2002, and provides additional guidance concerning the inclusion of related party financial information as a part of the reporting entity. The accompanying financial statements present only that portion of the funds of the State of South Carolina that is attributable to the transactions of the University and its component unit.

South Carolina State University Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University, and is discretely presented in the University's financial statements. Copies of the separately issued financial statements of the Foundation can be obtained by sending a request to South Carolina University Foundation, Post Office Box 7157, Orangeburg, South Carolina 29501.

The University is part of the primary government of the State of South Carolina.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The University has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

The Foundation is a private nonprofit organization that reports under FASB, including FASB Accounting Standards Codification Topic relevant to not-for-profit entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the financial statements, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Assets. The Foundation's investment in securities and donated negotiable assets are stated at market value. Investment income is reported net of investment fees and service charges.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students, and auxiliary enterprise sales and services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts and for reimbursements of other expenses. Accounts receivable are recorded net of estimated uncollectible amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements, and 2 to 25 years for machinery, equipment, and vehicles. Depreciation is calculated based on the number of months the item is in use during the year.

The University capitalizes as a component of construction in progress interest costs in excess of earnings on debt associated with the capital projects; therefore asset values in capital assets include such interest costs.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned, and the unamortized portion of the deferred capital contributions from outside contributors.

Student Deposits

Deposits include dormitory room deposits, advance tuition payments, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is non-refundable to the student under the forfeit terms of the agreement.

Compensated Absences Payable

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences payable in the Statement of Net Assets, and as components of compensation expenses in the Statement of Revenues, Expenses, and Changes in Net Assets.

Perkins Loans Receivable and Related Federal Loan Fund Contributions

Some of the loans receivable on the Statement of Net Assets are due to the University under the Perkins loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as Perkins liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program that would have to be repaid to the federal government if the University ceases to participate in the program. The University recognizes as revenue and expenses only the portion attributable to its matching contribution.

Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used at the discretion of the governing board to meet current expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. The University's policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The University, as a political subdivision of the State of South Carolina, is excluded from Federal income taxes under Section 115(a) of the Internal Revenue Code, as amended.

The Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and is exempt from taxes under Section 501(c) (3).

Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues and expenses: Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal on-going operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. Operating expenses include all expenses transactions incurred other than those related to investing capital or non-capital financing activities.

Non-operating revenues and expenses: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue, including Pell grants for students, or restricted by the grantor to be used exclusively for capital purposes. Non-operating expenses include interest paid on capital asset related debt, losses on disposal of capital assets, and refunds to grantor.

Sales and Services of Educational Departments and Other Activities

Revenues from sales and services of educational departments and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from community groups using campus facilities for summer camps and other activities.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues are primarily generated by the bookstore, dining services, BrooksHealthCenter, and housing.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Donor Restricted Assets

The University policy for the treatment of net appreciation (depreciation) on investments of donor restricted endowments increases or decreases the principal. These amounts are not authorized for expenditure.

NOTE 2 - DEPOSITS AND INVESTMENTS

All deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority of investing State funds. The following schedule reconciles deposits and investments within the notes to the statement of net assets:

	<u>Statement of Net Assets</u>	
	South Carolina State University	South Carolina State University Foundation, Inc.
Cash and cash equivalents (current)	\$ 3,724,461	\$ 399,458.00
Restricted cash and cash equivalents:		
Loan funds	575,147	-
Debt service	2,845,238	-
Cash for capital project	23,328,472	-
Endowment	667,663	-
Restricted cash and cash equivalents	27,416,520	-
Investments	107,874	6,066,336
Total	\$ 31,248,855	\$ 6,465,794

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

Other Deposits

The University's and the South Carolina State University Foundation, Inc.'s other deposits are entirely insured or collateralized with securities held by the entity or by its agent in the entities name, or collateralized with securities held by the pledging financial institution's Trust Department or Agent in the entity's name.

At June 30, 2011, The University had investments and maturities as shown below:

Investment Type	Fair Value	Maturity
Common Stock	\$ 11,974	
Series 1984 Agricultural College Stock	95,900	2035
	<u>\$ 107,874</u>	

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Investments Held by State Treasurer

These investments consist of Series 1984 Agricultural College stock with a carrying amount of \$95,900 held by the State Treasurer until they mature in 2035. While outstanding, the State is required to pay the University 6 percent per year.

The investment types listed above include all investment types in which monies were held throughout the fiscal year and the balances therein fluctuated minimally in excess of the fiscal year-end balances.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University investment in a single issuer. The University does not have a formal investment policy that requires investments to be spread among more than a single issuer.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal policy for handling investment custodial risk.

Investments-Non Governmental Discretely Presented Component Units

South Carolina State University Foundation, Inc.

Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value total.

At December 31, 2010, South Carolina State University Foundation, Inc.'s investments are as follows:

Investments carried at fair value	Cost	Fair Value
Money market funds	\$ 213,040	\$ 213,055
Equities	1,684,045	2,133,461
Mutual funds	51,489	193,774
Fixed income	2,789,945	2,831,100
Real estate investment trust	45,707	51,802
Commodities	121,953	145,391
Certificates of deposit	497,753	497,753
Total investments carried at fair value	<u>\$ 5,403,932</u>	<u>\$ 6,066,336</u>

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2011, are summarized as follows:

Accounts receivable as of June 30, 2011, are summarized as follows:

	Tuition and fees	Auxiliary enterprise	Total
Accounts receivable	\$ 2,837,907	\$ 1,272,303	\$ 4,110,210
Less allowance for doubtful accounts	(1,372,000)	(377,000)	(1,749,000)
Net accounts receivable	<u>\$ 1,465,907</u>	<u>\$ 895,303</u>	<u>\$ 2,361,210</u>

The amounts shown above are reported at gross with all discounts and allowances disclosed.

Allowances for doubtful accounts for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2011, the allowance for uncollectible student accounts is \$1,749,000.

NOTE 4—STUDENT LOANS RECEIVABLE

Loans receivable at June 30, 2011 consist of the following:

Perkins Loan Program	\$	1,960,497
African American Loan Fund		1,190,782
Education Improvement Act		1,566,475
		<u>4,717,754</u>
Less allowance for doubtful accounts		(1,128,000)
Net Student Loans Receivable	\$	<u>3,589,754</u>

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 is summarized as follows:

	Beginning Balance July 1, 2010	Increases	Decreases	Ending Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 2,573,180	\$ -	\$ -	\$ 2,573,180
Construction in-progress	8,001,768	6,759,340	-	14,761,108
Total capital assets not being depreciated	<u>10,574,948</u>	<u>6,759,340</u>	<u>-</u>	<u>17,334,288</u>
Other capital assets:				
Land improvements	2,207,145	617,041	-	2,824,186
Buildings and improvements	137,443,006	2,055,182	(248,698)	139,249,490
Machinery, equipment, and other	13,949,134	1,919,536	-	15,868,670
Vehicles	1,404,234	100,288	-	1,504,522
Total other capital assets at historical cost	<u>155,003,519</u>	<u>4,692,047</u>	<u>(248,698)</u>	<u>159,446,868</u>
Less accumulated depreciation for:				
Land improvements	(225,418)	(127,755)	-	(353,173)
Buildings	(45,934,707)	(2,941,527)	157,509	(48,718,725)
Machinery, equipment, and other	(5,541,062)	(2,105,804)	-	(7,646,866)
Vehicles	(884,058)	(138,978)	-	(1,023,036)
Total accumulated depreciation	<u>(52,585,245)</u>	<u>(5,314,064)</u>	<u>157,509</u>	<u>(57,741,800)</u>
Other capital assets, net of accumulated depreciation	<u>102,418,274</u>	<u>(622,017)</u>	<u>(91,189)</u>	<u>101,705,068</u>
Capital assets, net of accumulated depreciation	<u>\$ 112,993,222</u>	<u>\$ 6,137,323</u>	<u>\$ (91,189)</u>	<u>\$ 119,039,356</u>

NOTE 6 - PENSION PLAN

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2010, the employer contribution rate is 13.14 percent which included a 3.90 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2011, 2010, and 2009, were approximately \$2,831,340, \$2,971,644, and \$3,068,283, respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$45,963 in the current fiscal year at the rate of .15 percent of compensation.

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2010, the employer contribution rate became 15.03 percent which, as for the SCRS, included the 3.90 percent surcharge. The University's actual contributions the PORS for the years ended June 30, 2011, 2010 and 2009 were approximately \$89,602, \$89,382, and \$80,407, respectively, and equaled the required contributions of 11.13 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$1,610 and accidental death insurance contributions of approximately \$1,610 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.90 percent from the employer in fiscal year 2011.

Certain employees of the University have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$798,279 (excluding the surcharge) from the University as employer and approximately \$561,560 from its employees as plan members. 8.14 percent of the total contributions was remitted to the Retirement Division of the State Budget and Control Board. The balance was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Also, the University paid employer group-life insurance contributions of approximately \$12,959 in the current fiscal year at the rate of .15 percent of compensation.

NOTE 6 - PENSION PLAN - CONTINUED

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans.

Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

NOTE 7—DEFERRED REVENUES

Deferred revenues primarily consisted of the following as at June 30, 2011:

Academic and other fees - second summer session	\$ 1,267,125
Sponsored research and other programs	1,036,386
Bond premium deferred interest	300,887
Athletic event receipts - fall semester	126,879
Others	34,285
	<u>\$ 2,765,562</u>

NOTE 8 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The University is a party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, there are no material claims or lawsuits against the University that are not covered by insurance or whose settlement would materially affect the University's financial position.

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

The University had outstanding commitments under construction contracts of approximately \$19,268,544 on projects that will be capitalized, and \$175,645 which will not be capitalized at June 30, 2011. The University anticipates funding these projects out of current resources, private gifts, student fees, State capital improvement bond proceeds, and debt proceeds. The State has issued capital improvement bonds to fund improvements and expansion of state facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The University has \$36,305 of un-drawn State capital improvement bonds.

The University is contingently liable, under the Capital Project Loan Agreement described in Note 10, for a portion of certain notes payable of other Historically Black Colleges and Universities (HBCU) under the HBCU Capital Financing program. The liability is limited to five percent of the cumulative advances under the Capital Project Loan Agreement. The contingent liability is secured by the South Carolina State University Escrow Account, also described in Note 10. At June 30, 2011 the maximum liability was \$2,845,238. As of June 30, 2011 total charges of \$55,332 have been made against the Escrow Account pursuant to the default of another borrower in the HBCU Capital Finance Program.

NOTE 9 - LEASE OBLIGATIONS

The University acquired copying equipment under capital lease which commenced on June 8, 2007 and musical instruments in July 2009. The economic substance of the lease is that the University is financing the acquisition of the assets through the lease and, accordingly, it is recorded in the University's assets and liabilities.

Future minimum payments required under capital lease together with their aggregate present values as of June 30, 2011 are as follows:

Year Ending June 30	Capital Leases
2012	\$ 500,563
2013	80,477
2014	80,477
Total Minimum Lease Payments	661,517
Less: Interest	32,638
Principal Outstanding	<u>\$ 628,879</u>
Current	\$ 485,170
Noncurrent	143,709
	<u>\$ 628,879</u>

Amortization of assets held under capital lease is included with depreciation expense. At June 30, 2011, the copying equipment is carried at a cost of \$1,963,020 with accumulated depreciation of \$1,570,416. The musical instruments, which were acquired in July 2009, are carried at a cost of \$359,270 with accumulated depreciation of \$143,708.

Total rental payments under operating leases were approximately \$225,700 for fiscal year 2011.

NOTE 10 – BONDS AND NOTES PAYABLE

Bonds and notes payable consisted of the following at June 30, 2011:

	Interest Rates	Maturity Dates	Balance
Stadium Improvement Revenue Bonds, Series 1993A	5.15- 5.5%	2006-2013	\$ 455,000
State Institution Bonds, Series 2003G	3.0 - 5.0%	2006-2023	2,845,000
State Institution Bonds, Series 2006D	4.00-5.0%	2007-2027	28,330,000
Total Bonds Payable			<u>31,630,000</u>
Note Payable - Student Housing Part 1	3.679%	2006-2012	458,776
Note Payable - Student Housing Part 2	5.830%	2005-2035	36,813,552
Note Payable - Master Lease Note 1	3.888%	2007-2017	448,464
Note Payable - Master Lease Note 2	3.836%	2007-2017	288,896
Note Payable - Master Lease Note 3	3.613%	2009-2018	702,825
Note Payable - Master Lease Note 4	5.079%	2009-2019	1,380,541
Note Payable - Master Lease Note 5	3.75%-4.5%	2010-2022	4,192,312
Note Payable Energy Stimulus Loan	0.000%	2013-2015	124,574
Total Notes Payable			<u>44,409,940</u>
Total Bonds and Notes Payable			<u>76,039,940</u>
Current			<u>2,956,662</u>
Non-Current			<u>\$ 73,083,278</u>

NOTE 10 – BONDS AND NOTES PAYABLE - CONTINUED

Revenue received for dormitory and married student housing and any loan subsidies is restricted, up to the amount of annual debt requirements, for the payment of principal and interest on student and faculty housing revenue bonds. All stadium revenue, which includes admission fees, is restricted, up to the amount of annual debt requirements, for the payment of principal and interest on stadium improvement revenue bonds.

For the stadium improvement revenue bonds, the University must maintain its admission fees at an amount necessary to maintain certain specified funding requirements.

The University is required to establish debt reserve funds for the purpose of repaying the student and faculty housing revenue bonds and stadium improvement revenue bonds. In lieu of cash and investments on deposit, the University has purchased a surety bond for each of the revenue bond issues, which will satisfy the debt service requirements upon notice that there are insufficient funds to do so. Repayment of the principal and interest is guaranteed by the Municipal Bond Investors Assurance Corporation pursuant to its insurance policies through final maturity for each of these bonds.

The stadium improvement revenue bonds are subject to redemption prior to their maturity, at the option of the University, on or after January 1, 2006, in whole at any time or in part on any January 1 or July 1, upon thirty (30) days notice, at par. The student and faculty housing revenue bonds are subject to redemption prior to their maturity, at the option of the University, in whole at any time or in part on any June 1 or December 1, upon thirty (30) days notice, at par. As of fiscal year-end, none of these bonds have been called for redemption. All of these bonds are payable in semiannual installments plus interest.

Scheduled amounts including interest required to complete payment of the stadium improvement revenue bonds as of June 30, 2011 are as follows:

	Principal	Interest	Totals
2012	\$ 220,000	\$ 24,915	\$ 244,915
2013	235,000	12,925	247,925
Totals	\$ 455,000	\$ 37,840	\$ 492,840

The State of South Carolina (the "State"), on behalf of the University, issued \$32,825,000 of General Obligation State Institution Bonds, Series 2006D in November 2006. The proceeds of the Bonds will be used for various capital improvements to the University's facilities. The Bonds mature serially each October beginning in 2007 with final maturity in 2027. Bonds maturing on or after October 2017 may be redeemed by the State in any order determined by the State after that date, at par plus accrued interest. Interest is payable each April and October 1, beginning in 2007 at rates from 4.00% to 5.00%. The Bonds are secured by the full faith, credit and taxing power of the State and the tuition fee revenues of the University.

The State Institution Bonds Series, 2003G are also secured by the full faith, credit and taxing power of the State and the tuition fee revenues. The Bonds mature serially and after June 1, 2014 are subject to redemption in whole or if in part on June 1, 2013 and all subsequent payment dates in inverse chronological order of maturity, at the option of the State of South Carolina, at the following redemption prices: June 1, 2013 and December 1, 2013 at 101 percent; June 1, 2014 and thereafter at par. Interest is payable semi-annually at rates from 3.00% to 5.00%.

S.C. Code of Laws section 59-107-90 states that the maximum amount of annual debt service on state institution bonds for each institution shall not exceed 90 percent of sums received from tuition and fees for the preceding fiscal year. Tuition fee revenue for June 30, 2010 was \$2,988,783, which results in a legal debt limit of \$2,689,905. The University's maximum annual debt service requirement of \$2,714,688 will occur during the fiscal year ending June 30, 2012. The tuition fee revenue for June 30, 2011 was \$2,982,659 which results in a legal debt limit of \$2,684,393. The University will adjust tuition fees in subsequent years to cover the debt requirement.

NOTE 10 - BONDS AND NOTES PAYABLE – CONTINUED

Scheduled amounts including interest required to complete payment of the State Institution bonds as of June 30, 2011 are as follows:

Series 2003G AND 2006D Bonds:

	Principal	Interest	Total
2012	\$ 1,405,000	\$ 1,309,668	\$ 2,714,668
2013	1,460,000	1,254,269	2,714,269
2014	1,515,000	1,193,419	2,708,419
2015	1,580,000	1,129,243	2,709,243
2016	1,420,000	972,563	2,392,563
2017-2021	9,255,000	4,103,563	13,358,563
2022-2026	11,885,000	1,885,357	13,770,357
2027	2,655,000	56,419	2,711,419
Totals	\$ 31,175,000	\$ 11,904,501	\$ 43,079,501

The University reported principal payments and interest expense related to the bonds and notes payable for the year ended June 30, 2011 as follows:

Bond And Note	Principal	Interest
Stadium Improvement Revenue Bonds, Series 1993A	\$ 210,000	\$ 30,955
State Institution Bonds, Series 2003G	170,000	109,431
State Institution Bonds, Series 2006D	1,185,000	1,242,401
Note Payable - Student Housing Part 1	442,373	23,873
Note Payable - Student Housing Part 2	-	1,980,276
Note Payable - Master Lease Note 1	65,266	19,971
Note Payable - Master Lease Note 2	42,120	12,696
Note Payable - Master Lease Note 3	83,344	27,280
Note Payable - Master Lease Note 4	136,591	74,483
Note Payable - Master Lease Note 5	508,648	197,575
Capital Lease	474,544	26,019
	<u>\$ 3,317,886</u>	<u>\$ 3,744,960</u>

In fiscal year 2006, the University entered into the Capital Project Loan Agreement (the “Agreement”) with Commerce Capital Access Program Corporation (the “Lender”) under the HBCU Capital Financing Program. The purpose of the agreement is to provide funds to refund the 1991 Student and Faculty Housing Revenue Bonds amounting to \$2,480,000 and to provide funds for construction of a 750 bed student housing facility. The funds for this loan will be provided from the proceeds of two tax-exempt bonds issues made by the lender. The total amount of the loan, \$39,499,549 will be provided in two parts. The first part, amounting to \$2,686,076, was provided to refund the revenue bonds and make deposits into required reserve and escrow accounts. This part will be repaid in semi-annual installments of \$235,765 beginning in 2006 and ending in 2012.

The second part, amounting to \$36,813,473 will be advanced as construction of the 750 bed student housing facility progresses. This part will be repaid in semi-annual installments of approximately \$1,431,416 beginning in 2012 and ending in 2035. Repayments of principal and interest of the two parts is based on the amortization of the two underlying tax-exempt bonds issued by the lender. Accordingly the schedules of future maturities disclosed below estimate the payments of principal and interest necessary to provide for the retirement of the underlying tax-exempt bonds as they come due. The loan under the Agreement is secured by the revenues from the housing facility.

NOTE 10 - BONDS AND NOTES PAYABLE – CONTINUED

The Agreement requires the establishment of the South Carolina State University Escrow Account (the “Escrow Account”), into which, a deposit, amounting to five percent of each advance under the Agreement, inclusive of deposit, will be made from each advance under the Agreement. The University has assigned all of its rights and interests to the Escrow account to the Trustee for the Lender. The use of the Escrow funds are governed, in part, by a trust indenture which provides for claims against the Escrow Account for a share of defaulted loans of other borrowers participating in the HBCU Capital Financing Program (see Note 8). The Agreement also requires the establishment of the South Carolina State University Debt Service Account. Monthly deposits into this account are required to be sufficient to accumulate the total principal and interest payment due under the Agreement 60 days prior to the semi-annual due date of each payment. The loan also requires a Replacement Reserve to be established at the time the housing facility is placed in service. Gross revenues from the housing facility are to be held in a separate account by the Treasurer of the State of South Carolina and used only to pay expenses of the housing facility and make the required deposits into the Debt Service Account and Replacement Reserve account, as well as replenish any deficiency in the Escrow Account. The balances of these accounts are included in restricted assets at June 30, 2011.

There was a total issuance cost incurred in the amount of \$686,419. The University will amortize \$43,608 of issuance costs over seven years, the life of the Note Part 1. The remaining issuance cost will be amortized over 30 years, the life of the Note Part 2.

The Agreement contains various performance covenants and limits the incurrence of new debt by the University. Certain of the covenants require the submission of financial and enrollment information within specified time periods as well as debt service coverage with net operating revenues. The University failed to meet these covenants during the year ended June 30, 2011. However, the lender has granted a waiver for some of these violations but not others. Management is in process of obtaining a waiver of the other violations.

Scheduled amounts including interest required to complete payment of the housing note as of June 30, 2011.

Note Payable - Student Housing Part 1	Principal	Interest	Totals
2012	\$ 458,776	\$ 12,755	\$ 471,531

Note Payable - Student Housing Part 2	Principal	Interest	Totals
2012	\$ -	\$ 1,985,702	\$ 1,985,702
2013	106,202	2,756,630	2,862,832
2014	450,973	2,411,859	2,862,832
2015	911,327	1,951,505	2,862,832
2016	1,041,635	1,821,197	2,862,832
2017-2021	6,080,906	8,233,255	14,314,161
2022-2026	7,852,309	6,461,852	14,314,161
2027-2031	10,149,199	4,162,962	14,312,161
2032-2035	10,221,001	1,240,403	11,461,404
Totals	\$ 36,813,552	\$ 31,025,366	\$ 67,838,917

The University issued two notes payable in 2007 in order to acquire certain equipment. The first note requires annual payments of \$85,237 beginning in March 2008 with the last payment due in March 2017. The payments include interest imputed at 3.8875%, as stated in the contract. The second note requires annual payments of \$54,816 beginning in May 2008 with the last payment due in May 2017. The payments included interest imputed at 3.8355%, as stated in the contract.

During fiscal year 2009, the University issued two additional notes payable in order to acquire certain equipment. The note in the amount of \$925,000 was issued on September 25, 2008 which requires an annual payment of \$110,624 beginning in December 2008 with the last payment due September 2018. The payment includes interest imputed at 3.6125% as stated in the contract. The other note in the amount of \$1,647,000 was issued on June 24, 2009 which requires an annual payment of \$211,074 beginning in September, 2009 with the last payment due in June 2019. The payment includes interest imputed at 5.079% as stated in the contract.

In fiscal year 2010, the University issued an additional note payable in order to acquire additional equipment. The note in the amount of \$4,700,960 was issued on June 25, 2010 which requires an annual payment of \$706,223 beginning in September 2010 with the last payment due June 2020. The payment includes interest imputed at 4.3788% as stated in the contract.

NOTE 10 - BONDS AND NOTES PAYABLE – CONTINUED

Note Payable - Master Lease Note 1	Principal	Interest	Totals
2012	\$ 67,803	\$ 17,434	\$ 85,237
2013	70,439	14,798	85,237
2014	73,177	12,060	85,237
2015	76,022	9,215	85,237
2016	78,977	6,260	85,237
2017	82,047	3,190	85,237
Totals	<u>\$ 448,465</u>	<u>\$ 62,957</u>	<u>\$ 511,422</u>

Note Payable - Master Lease Note 2	Principal	Interest	Totals
2012	\$ 43,735	\$ 11,081	\$ 54,816
2013	45,412	9,403	54,815
2014	47,154	7,661	54,815
2015	48,963	5,853	54,816
2016	50,841	3,975	54,816
2017	52,791	2,025	54,816
Totals	<u>\$ 288,896</u>	<u>\$ 39,998</u>	<u>\$ 328,894</u>

Note Payable - Master Lease Note 3	Principal	Interest	Totals
2012	\$ 86,396	\$ 24,228	\$ 110,624
2013	89,560	21,064	110,624
2014	92,839	17,785	110,624
2015	96,239	14,385	110,624
2016	99,763	10,861	110,624
2017-2019	238,027	10,877	248,904
Totals	<u>\$ 702,824</u>	<u>\$ 99,200</u>	<u>\$ 802,024</u>

Note Payable - Master Lease Note 4	Principal	Interest	Totals
2012	\$ 143,662	\$ 67,413	\$ 211,075
2013	151,099	59,976	211,075
2014	158,920	52,153	211,073
2015	167,147	43,927	211,074
2016	175,800	35,274	211,074
2017-2019	583,914	49,309	633,223
Totals	<u>\$ 1,380,542</u>	<u>\$ 308,052</u>	<u>\$ 1,688,594</u>

Note Payable - Master Lease Note 5	Principal	Interest	Totals
2012	\$ 531,290	\$ 174,934	\$ 706,224
2013	554,940	151,284	706,224
2014	579,642	126,581	706,223
2015	605,444	100,779	706,223
2016	351,483	78,400	429,883
2017-2020	1,569,513	150,021	1,719,534
	<u>\$ 4,192,312</u>	<u>\$ 781,999</u>	<u>\$ 4,974,311</u>

NOTE 10 - BONDS AND NOTES PAYABLE – CONTINUED

In fiscal year 2011, the University obtained a loan from South Carolina State Energy Office which is funded through the State Energy Program-American Recovery and Reinvestment Act, for energy efficiency and renewable energy improvements in the amount of \$124,474. The loan is free of interest and payable in three years starting 2013 through 2015.

	Principal	Interest	Totals
2013	\$ 41,525	\$ -	\$ 41,525
2014	41,525	-	41,525
2015	41,524	-	41,524
Totals	<u>\$ 124,574</u>	<u>\$ -</u>	<u>\$ 124,574</u>

NOTE 11- LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 was as follows:

	June 30, 2010	Additions	Reductions	June 30, 2011	Due within One year
Accrued compensated absences and related benefits	\$ 3,948,952	\$ 1,256,191	\$ 1,196,624	\$ 4,008,519	\$ 1,422,896
Revenue bonds payable	665,000	-	210,000	\$ 455,000	220,000
State institutional bond payable	32,530,000	-	1,355,000	\$ 31,175,000	1,405,000
Notes payable	45,563,708	124,574	1,278,342	\$ 44,409,940	1,331,662
Capital lease	1,103,422	-	474,544	\$ 628,878	485,170
	<u>\$ 83,811,082</u>	<u>1,380,765</u>	<u>\$ 4,514,510</u>	<u>\$ 80,677,337</u>	<u>\$ 4,864,728</u>

Additional information regarding bonds payable is included in Note 10.

NOTE 12 - RELATED PARTIES

Certain separately chartered legal entities whose activities are related to those of the University exist primarily to provide financial assistance and other support to the University and its educational program. They include the South Carolina State University Foundation, Inc., South Carolina State University Real Estate Foundation and the S.T.A.T.E. Club.

In conjunction with GASB Statement No. 14 and No. 39, “Determining Whether Certain Organizations Are Component Units”, management annually reviews its relationships with the related parties described in this note. The University recognized South Carolina State University Foundation, Inc. as a component unit and displaying a discrete presentation format of their financial statements. The University excluded the South Carolina State University Real Estate Foundation and S.T.A.T.E. Club from the reporting entity because it is not financially accountable for them.

For fiscal year 2011, the South Carolina State University Foundation, Inc. contributes an amount of \$971,245.65 to the University for scholarships awarded to the University students. The University also received an amount of \$98,579 as reimbursement for salaries and office space.

South Carolina State University Real Estate Foundation, through its wholly owned South Carolina State University Housing, LLC, operates a student housing facility to be used exclusively for the University students. The University enters an agreement with South Carolina State University Housing, LLC. Under the agreement, the University shall provide management services. These services include, among others, general management of the operations, marketing, occupancy and student resident selection as well as collection of dormitory fees charged to students. The University receives a management fee of 2% of collected revenues as compensation. For fiscal year 2011, the University paid South Carolina State University Housing, LLC in the amount of \$1.9 million (net of 2% management fee) for dormitory fees collected from the students. The University also received an amount of \$245,848 as reimbursement for telephone, copying equipment charges and salaries for time devoted by University employees to the South Carolina State University Housing LLC. As at June 30, 2011, South Carolina State University Housing, LLC Real Estate Foundation owes the University a net amount of \$93,854.

The S.T.A.T.E. Club is a separately chartered entity organized exclusively to solicit and provide funds to the athletic department in the form of scholarships and general revenues from season ticket sales. For fiscal year 2011, The Club sold football season tickets totaling \$113,090.

NOTE 13 - RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees: Unemployment compensation benefits; Worker's compensation benefits for job-related illnesses or injuries; Health and dental insurance benefit; Long-term disability and group-life insurance benefits. Employees can elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the state's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: Theft, damage to, or destruction of assets; Real property, its contents, and other equipment; Motor vehicles and watercraft; Torts; Business interruptions; Natural disaster; and Medical malpractice claims against covered employees. The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for health insurance for its student-athletes.

NOTE 14-STATE APPROPRIATIONS AND CONTRACTS

The following are the appropriations as enacted by the General Assembly and reported in the financial statements for the year ended June 30, 2011. **Appropriations:**

Current years appropriations for South Carolina State University:

Original appropriations per Annual Appropriation Act	\$ 11,898,708
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State Appropriations:

From State Dept of Education for Felton Lab	108,736
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Total H24 State Appropriations for South Carolina State University	12,007,444
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PSA FY-10-11 Appropriations:

Original Appropriations Act	2,076,870
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Total non-capital appropriations recorded as current	\$ 14,084,314
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State Grants and Contracts:

Received from SC Commission on Higher Education:

HOPE Scholarships	\$ 288,400
Life Scholarships	1,904,550
Palmetto Scholarships	40,200
Teaching Fellows	28,500
Need Based Grants	1,373,073
Excellence Enhancement	375,000
Minority Teacher Recruitment	350,114
African American Teacher Loans	90,912
Lottery Funds	2,838,774
School of Business	240,890
S.C. National Guard CAP	162,140
JEC Transportation Center	240,890

Received from other agencies:

Clemson University	44,977
Department of Education	193,237
SCAMP	104,278
USC	45,155
USDA	309,413
Midlands	582,431
Other	109,113

Total state grants and contracts	\$ 9,322,047
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NOTE 15- OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2011 are summarized as follows:

	Compensation and Employee Benefits	Service and supplies	Utilities	Scholarships and Fellowships	Depreciation	Grand Total
Instruction	\$ 24,601,782	\$ 2,424,463	\$ 127,007	\$ -	\$ -	\$ 27,153,252
Research	5,742,028	8,915,144	-	-	-	14,657,171
Public Service	2,888,099	1,244,483	24,109	-	-	4,156,691
Academic Support	4,964,431	2,192,222	-	-	-	7,156,653
Student Services	7,716,439	3,527,727	130,497	-	-	11,374,663
Operations and Maintenance	644,664	2,332,378	1,952,006	-	-	4,929,048
Institutional Support	10,947,679	5,215,126	-	-	-	16,162,805
Scholarships	-	598,100	-	15,913,067	-	16,511,167
Auxiliaries Enterprises	1,556,390	10,633,935	1,280,614	-	-	13,470,939
Depreciation and Amortization	-	-	-	-	5,371,813	5,371,813
Total Operating Expenses	\$ 59,061,512	\$ 37,083,578	\$ 3,514,233	\$ 15,913,067	\$ 5,371,813	\$ 120,944,203

NOTE 16 - STATEMENT OF ACTIVITIES

The following information is provided for incorporation in the State of South Carolina Comprehensive Annual Financial Report.

	FY 2011	FY 2010	Increase/ Decrease
Charges for services	\$ 88,976,649	\$ 80,260,316	\$ 8,716,333
Operating grants, contributions and investment income	21,019,497	21,275,385	(255,888)
Capital operating grants and contributions	4,616,799	1,165,063	3,451,736
Less expenses	(124,779,956)	(119,568,874)	(5,211,082)
Net program revenue (expenses)	(10,167,011)	(16,868,110)	6,701,099
Transfers:			
State appropriations	14,084,314	19,154,845	(5,070,531)
Capital improvement bond proceeds	-	5,758,297	(5,758,297)
Total transfers:	14,084,314	24,913,142	(10,828,828)
Change in net assets	3,917,303	8,045,032	(4,127,729)
Net assets-beginning	64,309,712	56,264,680	8,045,032
Net assets-ending	\$ 68,227,015	\$ 64,309,712	\$ 3,917,303

NOTE 17 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

a. Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. “Agency” contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

b. Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.9% and 3.50% of annual covered payroll for 2011 and 2010, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately \$1,563,379 and \$1,458,166 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2011 and 2010, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2011.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

NOTE 18 – THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

In FY 2011, the University received an amount of \$3,958,970 as Educational State Grants Recovery Act. The University also received a grant amount of \$498,297 from South Carolina Energy Office through State Energy Program-American Recovery and Reinvestment Act, for energy efficiency and renewable energy improvements of University’s facilities. Twenty-five percent of the award amount is in a form loan at zero percent interest payable in three years. The amount of loan is shown under Notes and Bonds Payable. Except for the loan, all amount received was reported under non-operating federal grants in the Statement reported under non-operating federal grants in the Statement of Revenues, Expenses and Changes in Net Assets.

In Fiscal Year 2011, the University received from State Treasurer’s Office an Education Stabilization Fund, which is one component of State Fiscal Stabilization Fund, in the amount of \$3,958,970. The funds were recorded as non-operating federal grants revenue and were used for scholarships, research and recruitment.

Also as reported in Note 10, the University received an ARRA-funded grant of \$498,297 from South Carolina Energy Office (SCEO) for fiscal year ending June 30, 2011, for energy efficiency and renewable energy improvements. Terms of the grant require that 25 percent of the proceeds received are to be recognized as a note payable to the SCEO and are to be paid in three years at zero percent interest. As of June 30, 2011, the University recorded a note payable in the amount of \$124,574 and non-operating federal grants revenue of \$373,723. The total amount of \$498,297 was used to fund partially the University’s energy performance project.

South Carolina State University Comprehensive Annual Financial Report



Martin Luther King, Jr. Auditorium

Statistical Section

Statistical Section

This section of the Comprehensive Annual Financial Report provides additional information as a context for understanding what the information in the financial statements and note disclosures says about the University's and the State of South Carolina's overall financial health.

CONTENTS	Page
Financial Trends These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	46 - 50
Revenue Capacity These schedules help the reader assess the factors affecting the University's ability to generate its operating revenues from tuition and fees.	51 - 54
Debt Capacity These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	55 - 56
Operating Information These schedules contain service and capital asset data to help the reader understand how the University's financial information relates to the services it provides.	57 - 59
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the Environment within which the University's and the State's financial activities take place	60 - 62

South Carolina State University
Schedule of Revenues By Source

For the Year Ended June 30,										
(amounts expressed in thousands)										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Operating Revenues:										
Student Tuition and Fees (net of scholarship allowance)	\$ 35,822	\$ 34,568	\$ 34,502	\$ 31,714	\$ 28,602	\$ 24,965	\$ 24,380	\$ 19,793	\$ 17,052	\$ 15,347
Federal Grants and Contracts	26,997	20,945	31,702	29,779	14,408	26,590	25,535	22,440	21,886	20,541
State Grants and Contracts	9,322	9,292	11,119	9,212	8,129	5,329	7,141	3,980	3,236	2,598
Local Grants and Contracts			-	-	-	-	-	-	-	1
Non-Government Grants and Contracts	275	223	230	94	48	362	154	95	45	27
Sales and Services of Educational and Other Activities	2,967	3,157	2,547	2,436	1,779	398	485	456	323	352
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	13,594	12,075	12,066	10,615	9,120	9,680	10,758	8,492	4,046	6,994
Other Operating Revenue	2,624	1,500	1,109	3,442	5,520	3,664	3,021	1,864	1,661	1,059
Total Operating Revenue	91,601	81,760	93,275	87,292	67,606	70,988	71,474	57,120	48,249	46,919
Non-Operating Revenues:										
State Appropriations	14,084	19,155	21,849	31,678	27,248	27,216	23,170	22,576	24,642	27,562
Gifts, Grants and Contracts	18,212	17,750	807	834	14,173	4,318	5,365	453	375	291
Interest Income	183	1,500	2,552	2,194	1,263	341	262	76	539	260
Other Non-Operating Revenue	4,617	7,449	8,406	3,451	2,500	119	233	5,679	5,556	1,141
Total Non-Operating Revenue	37,096	45,854	33,614	38,157	45,184	31,994	29,030	28,784	31,112	29,254
Total Revenues	\$ 128,697	\$ 127,614	\$ 126,889	\$ 125,449	\$ 112,790	\$ 102,982	\$ 100,504	\$ 85,904	\$ 79,361	\$ 76,173

Schedule of Revenue by Source %

For the Year Ended June 30,										
(percent of total revenue)										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Operating Revenues:										
Student Tuition and Fees (net of scholarship allowance)	27.83%	27.09%	27.19%	25.28%	25.36%	24.24%	24.26%	23.04%	21.49%	20.15%
Federal Grants and Contracts	20.98%	16.41%	24.98%	23.74%	12.77%	25.82%	25.41%	26.12%	27.58%	26.97%
State Grants and Contracts	7.24%	7.28%	8.76%	7.34%	7.21%	5.17%	7.11%	4.63%	4.08%	3.41%
Non-Government Grants and Contracts	0.21%	0.17%	0.18%	0.07%	0.04%	0.35%	0.15%	0.11%	0.06%	0.04%
Sales and Services of Educational and Other Activities	2.31%	2.47%	2.01%	1.94%	1.58%	0.39%	0.48%	0.53%	0.41%	0.46%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	10.56%	9.46%	9.51%	8.46%	8.09%	9.40%	10.70%	9.89%	5.10%	9.18%
Other Operating Revenue	2.04%	1.18%	0.87%	2.74%	4.89%	3.56%	3.01%	2.17%	2.09%	1.39%
Total Operating Revenue	71.18%	64.07%	73.51%	69.58%	59.94%	68.93%	71.12%	66.49%	60.80%	61.60%
Non-Operating Revenues:										
State Appropriations	10.94%	15.01%	17.22%	25.25%	24.16%	26.43%	23.05%	26.28%	31.05%	36.18%
Gifts, Grants and Contracts	14.15%	13.91%	0.64%	0.66%	12.57%	4.19%	5.34%	0.53%	0.47%	0.38%
Interest Income	0.14%	1.18%	2.01%	1.75%	1.12%	0.33%	0.26%	0.09%	0.68%	0.34%
Other Non-Operating Revenue	3.59%	5.84%	6.62%	2.75%	2.22%	0.12%	0.23%	6.61%	7.00%	1.50%
Total Non-Operating Revenue	28.82%	35.93%	26.49%	30.42%	40.06%	31.07%	28.88%	33.51%	39.20%	38.40%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: South Carolina State University Audited Financial Statements.

South Carolina State University

Schedule of Expenses by Use

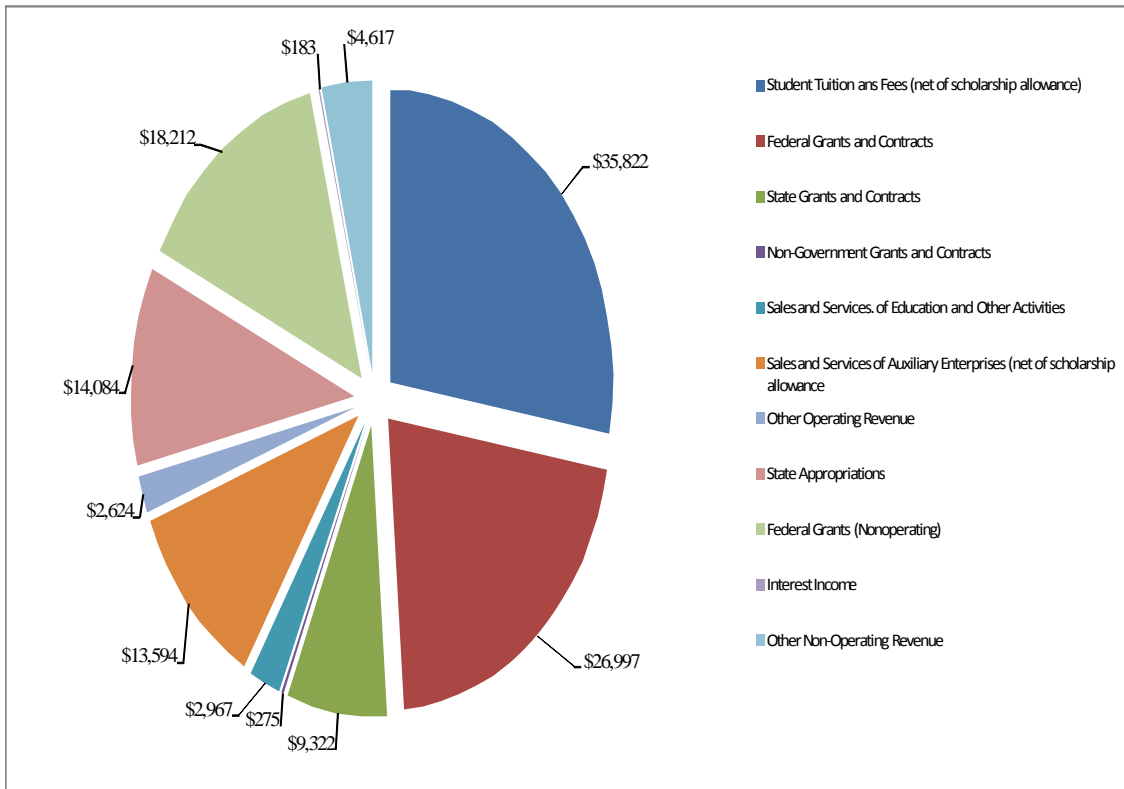
For the Year Ended June 30,										
(amounts expressed in thousands)										
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses:										
Operating Expenses:										
Compensation and Employee Benefits	\$ 59,062	\$ 59,240	\$ 61,266	\$ 61,554	\$ 54,804	\$ 52,514	\$ 48,571	\$ 44,877	\$ 46,243	\$ 48,627
Service and Supplies	37,083	31,844	36,402	42,250	39,481	32,965	33,447	22,469	16,332	18,892
Utilities	3,514	2,883	3,505	3,626	3,893	3,943	3,026	2,308	2,370	1,844
Depreciation and Amortization	5,372	5,183	4,316	3,085	2,516	1,748	1,920	1,795	1,801	1,902
Scholarships and Fellowship	15,913	16,772	15,409	11,818	10,929	9,252	8,478	8,967	9,182	7,768
Total Operating Expenses	\$ 120,944	\$ 115,922	\$ 120,898	\$ 122,333	\$ 111,623	\$ 100,422	\$ 95,442	\$ 80,416	\$ 75,928	\$ 79,033
Non-operating Expenses:										
Interest and Other	\$ 3,836	\$ 3,647	\$ 3,463	\$ 4,490	2,160	530	604	436	333	334
Total Expenses	\$ 124,780	\$ 119,569	\$ 124,361	\$ 126,823	\$ 113,783	\$ 100,952	\$ 96,046	\$ 80,852	\$ 76,261	\$ 79,367

Schedule of Expenses by Use %

For the Year Ended June 30,										
(percent of total expenses)										
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses:										
Operating Expenses:										
Compensation and Employee Benefits	47.33%	49.54%	49.26%	48.54%	48.17%	52.02%	50.57%	55.51%	60.64%	61.27%
Service and Supplies	29.72%	26.63%	29.27%	33.31%	34.70%	32.65%	34.82%	27.79%	21.42%	23.80%
Utilities	2.82%	2.41%	2.82%	2.86%	3.42%	3.91%	3.15%	2.85%	3.11%	2.32%
Depreciation	4.31%	4.33%	3.47%	2.43%	2.21%	1.73%	2.00%	2.22%	2.36%	2.40%
Scholarships and Fellowship	12.75%	14.03%	12.39%	9.32%	9.61%	9.16%	8.83%	11.09%	12.04%	9.79%
Total Operating Expenses	96.93%	96.95%	97.22%	96.46%	98.10%	99.47%	99.37%	99.46%	99.56%	99.58%
Non-Operating Expenses:										
Interest and Capital Asset Related Debt	3.07%	3.05%	2.78%	3.54%	1.90%	0.53%	0.63%	0.54%	0.44%	0.42%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

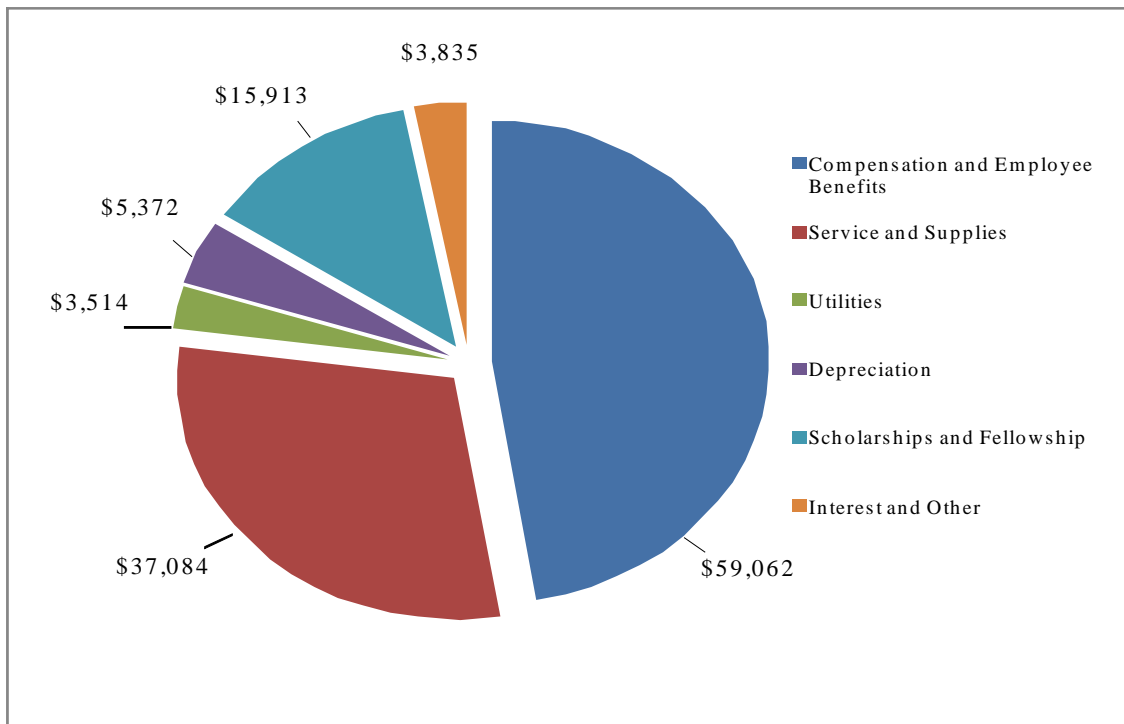
Source: South Carolina State University Audited Financial Statements.

Revenue by Source Fiscal Year 2011



Amounts expressed in thousands

Expenses by Use Fiscal Year 2011



Source: South Carolina State University Audited Financial Statements.

South Carolina State University

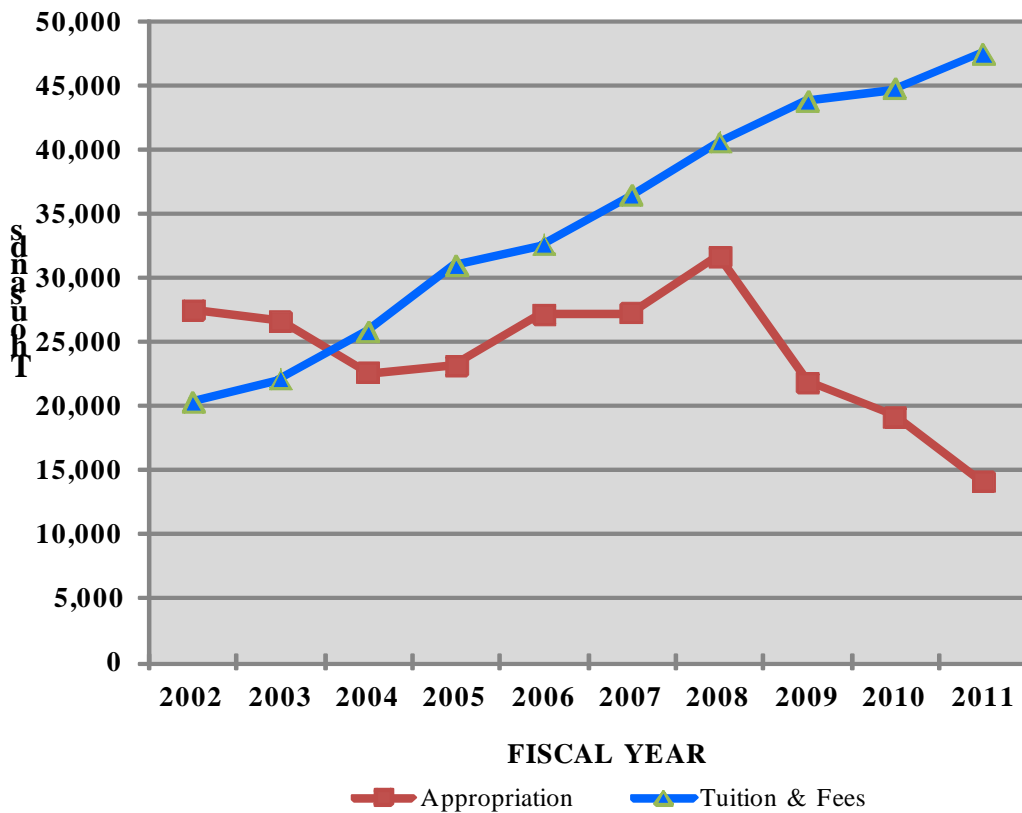
Schedule Of Net Assets And Changes In Net Assets

For the Year Ended June 30,
(amounts expressed in thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total revenues	\$ 128,697	\$ 127,614	\$ 126,889	\$ 125,449	\$ 112,790	\$ 102,982	\$ 100,504	\$ 85,904	\$ 79,361	\$ 76,173
Total expenses	124,780	119,569	124,361	126,928	113,781	100,952	96,046	81,159	76,469	81,065
Total changes in net assets	3,917	8,045	2,528	(1,479)	(991)	2,030	4,458	4,745	2,892	(4,892)
Net assets, beginning	64,310	56,265	53,737	55,111	56,102	54,072	49,614	44,869	41,977	46,869
Net assets, ending	\$ 68,227	\$ 64,310	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072	\$ 49,614	\$ 44,869	\$ 41,977
Invested in capital assets, net of related debt	\$ 64,293	\$ 61,913	\$ 58,489	\$ 49,632	\$ 50,580	\$ 47,888	\$ 46,481	\$ 41,384	\$ 40,383	\$ 40,750
Restricted-expendable	2,239	2,778	2,604	2,676	2,572	2,128	2,248	2,595	2,896	1,957
Restricted-nonexpendable	767	938	914	980	901	868	783	440	437	438
Unrestricted	928	(1,319)	(5,742)	344	1,058	5,218	4,560	5,195	1,153	(1,168)
Total	\$ 68,227	\$ 64,310	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072	\$ 49,614	\$ 44,869	\$ 41,977

Source: South Carolina State University Audited Financial Statements.

South Carolina State University State Appropriations and Gross Tuition Fees 2002-2011



Source: South Carolina State University Audited Financial Statements.

UNDERGRADUATE NON-RESIDENT ANNUAL TUITION AND FEES

S.C. State University in Comparison to Other Colleges and Universities
Last Ten Years

Institution NonResident	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
The Citadel	\$ 24,800	\$ 22,545	\$ 21,031	\$ 19,291	\$ 17,487	\$ 15,918	\$ 14,518	\$ 13,410	\$ 11,538	\$ 10,402
Coastal Carolina University	\$ 20,270	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190	\$ 15,100	\$ 14,150	\$ 12,870	\$ 11,760	\$ 10,680
College of Charleston	\$ 23,172	\$ 21,846	\$ 20,418	\$ 18,732	\$ 16,800	\$ 15,342	\$ 14,140	\$ 13,032	\$ 10,974	\$ 8,540
Francis Marion University	\$ 16,625	\$ 15,585	\$ 15,028	\$ 13,841	\$ 12,839	\$ 11,833	\$ 10,945	\$ 10,029	\$ 8,530	\$ 7,410
Lander University	\$ 17,304	\$ 16,560	\$ 15,840	\$ 14,616	\$ 13,538	\$ 13,608	\$ 12,034	\$ 11,050	\$ 9,648	\$ 8,520
SCState University	\$ 17,470	\$ 16,626	\$ 15,298	\$ 14,362	\$ 14,322	\$ 13,288	\$ 12,978	\$ 10,850	\$ 8,820	\$ 7,902
USCAiken	\$ 16,542	\$ 15,632	\$ 14,896	\$ 13,922	\$ 13,250	\$ 12,270	\$ 11,264	\$ 10,224	\$ 9,084	\$ 8,264
USCBeaufort	\$ 16,522	\$ 15,100	\$ 14,576	\$ 13,912	\$ 12,756	\$ 12,130	\$ 11,060	\$ 10,112	\$ 7,328	\$ 5,730
USCUpstate	\$ 18,144	\$ 17,284	\$ 16,684	\$ 15,752	\$ 14,656	\$ 13,474	\$ 12,304	\$ 11,086	\$ 9,640	\$ 8,760
Winthrop University	\$ 22,892	\$ 21,596	\$ 20,710	\$ 19,034	\$ 17,564	\$ 16,150	\$ 14,410	\$ 12,580	\$ 10,310	\$ 8,756

UNDERGRADUATE RESIDENT ANNUAL TUITION AND FEES

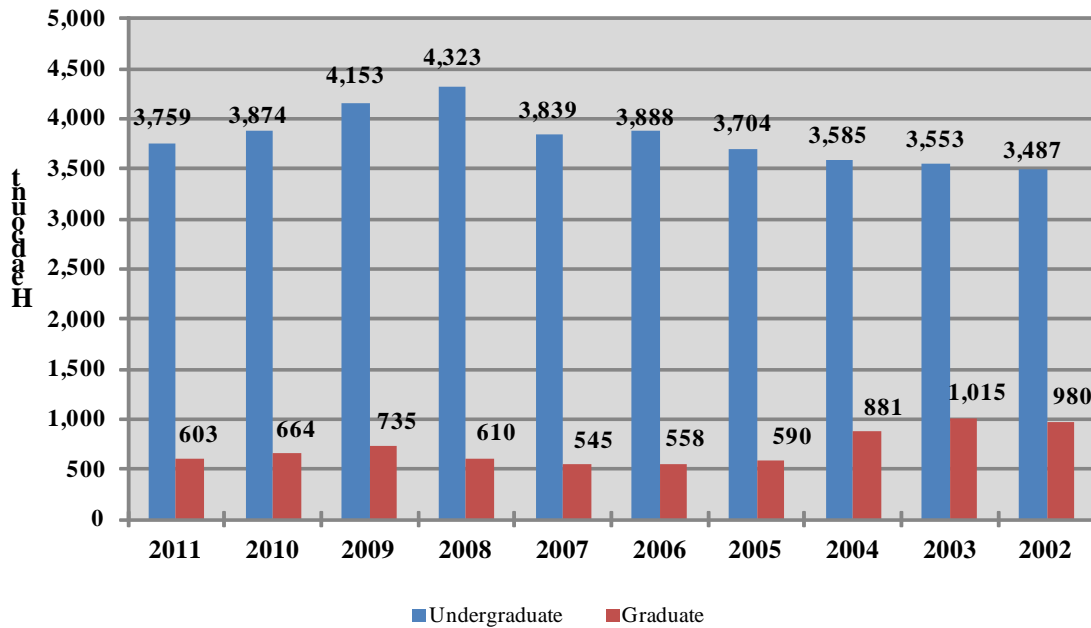
S.C. State University in Comparison to Other Colleges and Universities
Last Ten Years

Institution Resident	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
The Citadel	\$ 9,871	\$ 8,735	\$ 8,428	\$ 7,735	\$ 7,168	\$ 6,522	\$ 5,900	\$ 4,999	\$ 4,067	\$ 3,727
Coastal Carolina University	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500	\$ 6,860	\$ 6,100	\$ 5,190	\$ 4,350	\$ 3,770
College of Charleston	\$ 10,314	\$ 8,988	\$ 8,400	\$ 7,778	\$ 7,234	\$ 6,668	\$ 6,202	\$ 5,770	\$ 4,858	\$ 3,780
Francis Marion University	\$ 8,480	\$ 7,960	\$ 7,632	\$ 7,038	\$ 6,512	\$ 5,984	\$ 5,540	\$ 5,082	\$ 4,340	\$ 3,790
Lander University	\$ 9,144	\$ 8,760	\$ 8,380	\$ 7,728	\$ 7,162	\$ 6,668	\$ 5,866	\$ 5,400	\$ 4,704	\$ 4,152
SCState University	\$ 8,898	\$ 8,462	\$ 7,806	\$ 7,318	\$ 7,278	\$ 6,480	\$ 6,170	\$ 5,570	\$ 4,898	\$ 4,240
USCAiken	\$ 8,374	\$ 7,900	\$ 7,532	\$ 7,006	\$ 6,670	\$ 6,128	\$ 5,622	\$ 5,084	\$ 4,374	\$ 3,738
USCBeaufort	\$ 7,940	\$ 7,250	\$ 7,000	\$ 6,250	\$ 5,724	\$ 5,214	\$ 4,670	\$ 4,208	\$ 3,080	\$ 2,410
USCUpstate	\$ 9,072	\$ 8,462	\$ 8,342	\$ 7,760	\$ 7,218	\$ 6,636	\$ 6,060	\$ 5,460	\$ 4,748	\$ 4,058
Winthrop University	\$ 12,176	\$ 11,606	\$ 11,160	\$ 10,210	\$ 9,500	\$ 8,756	\$ 7,816	\$ 6,652	\$ 5,600	\$ 4,868

Source: South Carolina Commission on Higher Education

STUDENT HEAD COUNT
FISCAL YEAR 2002 TO 2011

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Undergraduate	3,759	3,874	4,153	4,323	3,839	3,888	3,704	3,585	3,553	3,487
Graduate	603	664	735	610	545	558	590	881	1,015	980
Total	4,362	4,538	4,888	4,933	4,384	4,446	4,294	4,466	4,568	4,467

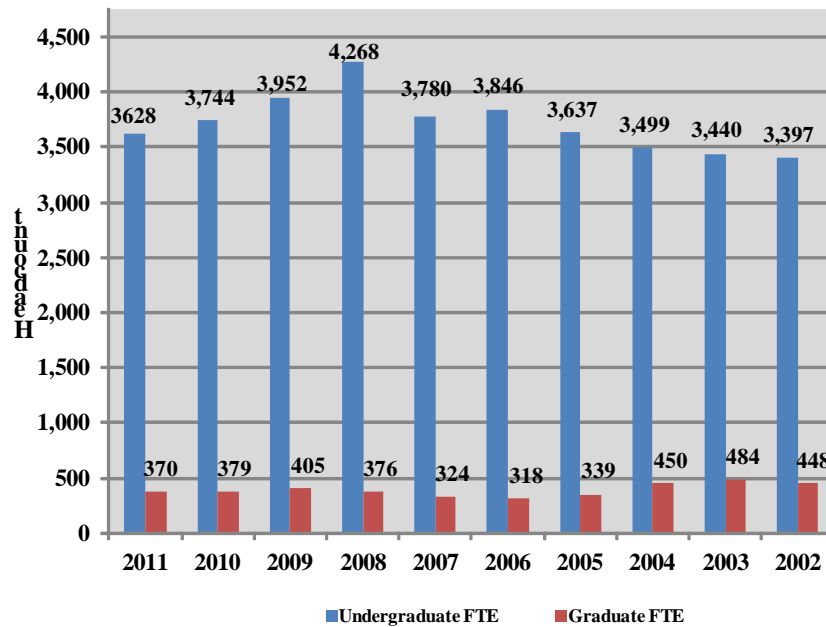


Source: South Carolina State University Office of Institutional Research.

Student Full Time Equivalent

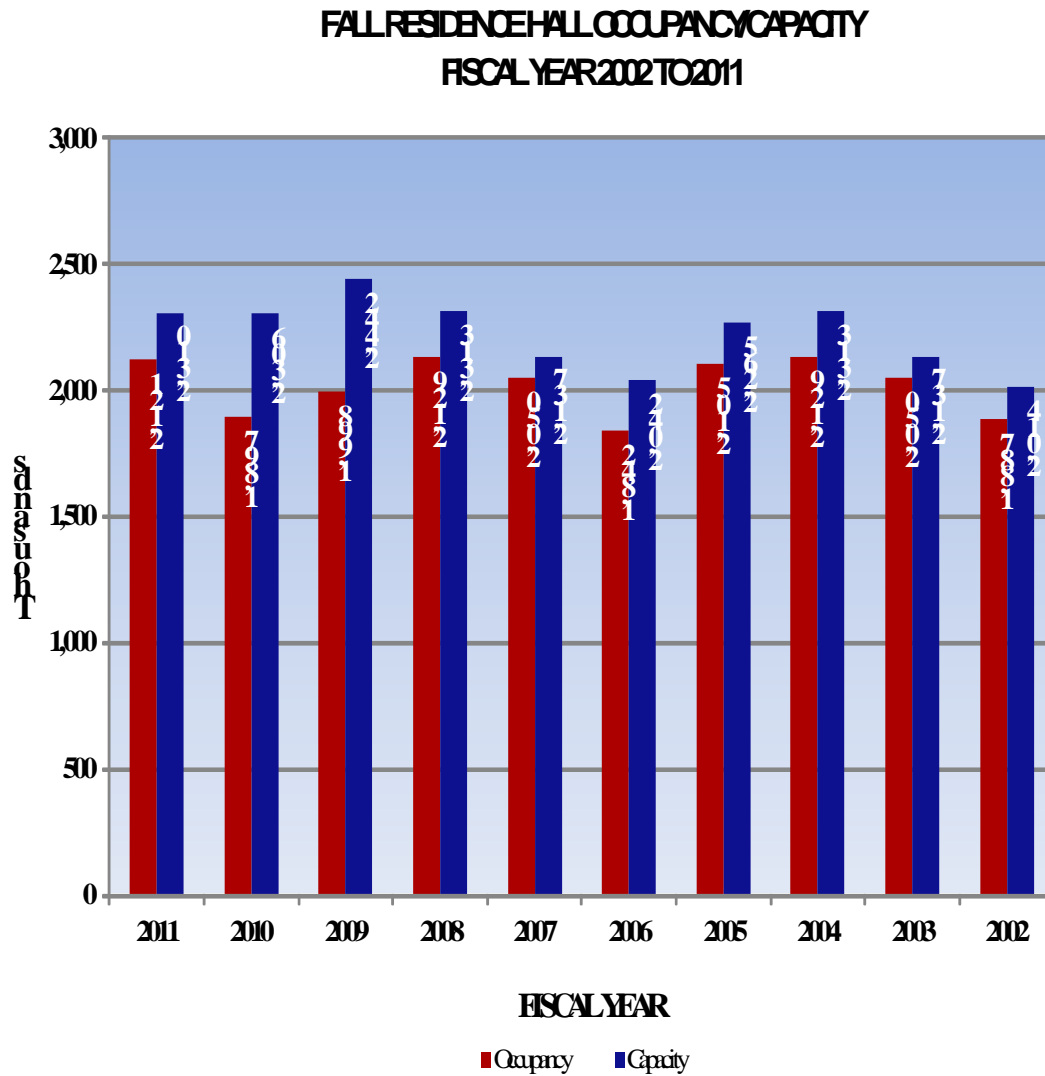
STUDENT FULL-TIME EQUIVALENT FISCAL YEAR 2002 TO 2011

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Undergraduate FTE	3628	3,744	3,952	4,268	3,780	3,846	3,637	3,499	3,440	3,397
Graduate FTE	370	379	405	376	324	318	339	450	484	448
Total FTE	3,998	4,123	4,357	4,644	4,104	4,164	3,976	3,949	3,924	3,845



Source: South Carolina State University Office of Institutional Research.

Fall Residence Hall Occupancy/Capacity



Source: South Carolina State University Office of Institutional Research

South Carolina State University
Schedule of Ratios of Outstanding Debt

For the Year Ended June 30,

(amounts expressed in thousands except for outstanding debt per student)

	2011	2010	2009	2008	2007	2006	2005	2004	2003*	2002*
Revenue Bonds	\$ 455	\$ 665	\$ 865	\$ 1,055	\$ 1,235	\$ 1,405	\$ 1,570	\$ 4,480	\$ 8,895	\$ 5,280
State Institution Bonds	31,175	32,530	33,835	35,095	36,305	3,620	3,750	3,880	-	-
Notes Payable	44,410	45,564	41,603	39,600	38,947	21,623	5,424	-	-	-
Capital Lease Obligations	629	1,103	1,208	1,591	-	-	-	201	130	72
Total Outstanding Debt	\$ 76,669	\$ 79,862	\$ 77,511	\$ 77,341	\$ 76,487	\$ 26,648	\$ 10,744	\$ 8,561	\$ 9,025	\$ 5,352

Full-time equivalent students 3,998 4,123 4,357 4,644 4,104 4,164 3,976 3,949 3,924 3,845

Outstanding debt per FTE student \$ 19,177 \$ 19,370 \$ 17,790 \$ 16,654 \$ 18,637 \$ 6,400 \$ 2,702 \$ 2,168 \$ 2,300 \$ 1,392

Source: South Carolina State University Audited Financial Statements, SC State University Office of Institutional Research

* Revenue and State Institution Bond totals were combined during this reporting period.

SOUTH CAROLINA STATE UNIVERSITY
SCHEDULE OF BOND COVERAGE

(amounts in thousands)

Revenue, Stadium, Housing, Notes and Bonds

Last Ten Years

Fiscal Year Ended June 30,	Revenue Available for Debt Service	Revenue Available for Debt Service	Debt Service Principal	Payment Interest	Requirements Total	Coverage Total
2011	\$5,673	\$5,673	\$1,488	\$2,367	\$3,855	1.47
2010	\$3,470	\$3,470	\$940	\$2,205	\$3,145	1.10
2009	3,015	3,015	759	2,048	\$2,807	1.07
2008	2,638	2,638	396	2,097	\$2,493	1.06
2007	1,785	1,785	562	821	\$1,383	1.29
2006	569	569	334	173	\$507	1.12
2005	1,888	1,888	430	267	\$697	2.71
2004	1,780	1,780	415	284	\$699	2.55
2003	1,505	1,505	385	306	\$691	2.18
2002	556	556	370	325	\$695	0.80

State Institutional Bonds

Last Eight Fiscal Years

2011	\$2,983	\$2,983	\$1,355	\$1,352	\$2,707	1.10
2010	\$2,989	\$2,989	\$1,305	\$1,406	\$2,711	1.10
2009	3,080	3,080	1,260	1,459	\$2,719	1.13
2008	2,768	2,768	1,210	1,520	\$2,730	1.01
2007	2,446	2,446	140	1,076	\$1,216	2.01
2006	1,044	1,044	137	130	\$267	3.91
2005	879	879	130	144	\$274	3.21
2004	729	729	120	149	\$269	2.71

Note: State Institutional Bonds were issued in FY 2003 and 2007

Source: South Carolina State University Audited Financial Statements.

**FULL-TIME FACULTY AND STAFF
FOR THE LAST TEN YEARS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Faculty	216	229	224	215	203	204	211	186	218	213
Staff and administrators	559	587	600	617	607	583	550	616	604	*
Total	775	816	824	832	810	787	761	802	822	213
FTE students per full-time										
Faculty	19	18	19	22	20	20	19	21	18	18
Staff and administrators	7	7	7	8	7	7	7	6	6	*
Average annual faculty salary	\$ 60,175	\$ 60,545	\$ 60,512	\$ 59,425	\$ 54,686	\$ 52,995	\$ 53,983	\$ 47,342	\$ 48,482	\$ 48,093

* data not available

Source: South Carolina State University Office of Institutional Research.

Schedule of Capital Asset Information

SCHEDULE OF CAPITAL ASSET INFORMATION

	For the Fiscal Year (square feet)		
	2011	2010	2009
Academic buildings	671,307	523,339	523,339
Administrative and support buildings	150,680	101,209	74,980
Auxiliary and independent operation buildings	354,091	132,113	139,096
Student housing	575,684	436,201	492,149
Dining facilities	26,798	26,798	26,798
	1,778,560	1,219,660	1,256,362

Note: 2002 to 2008 data data not readily available

Source: Facilities Office

South Carolina State University

Academic Subject Areas and Degrees Offered

Fall 2011

UNDERGRADUATE

Accounting, BS	Marketing, BS
Agribusiness, BS	Mathematics, BS
Art Education, K-12, BS	Mechanical Engineering Technology, BS
Biology, BS	Middle Level Education
Business Administration (Agribusiness) or (Entrepreneurship)	M.B.A.
Business Education, BS	Modern Language (Spanish), BS
Chemistry, BS	Music Education, BS
Civil Engineering Technology, BS	Music Merchandising (Industry), BA
Communications, BA	Nuclear Engineering, BS
Computer Science, BS	Nursing, BSN
Criminal Justice, BS	Nutrition and Food Management, BS
Dramatic Arts, BA	Physical Education, BS
Early Childhood Education, BS	Physical Education and Health, BS
Economics/Business Economics, BS	Physics, BS
Electrical Engineering Technology, BS	Political Science & Government, BA
Elementary Education, BS	Psychology, General, BS
English, Professional, BA	Social Work, BSW
Family and Consumer Sciences Business, BS	Social Studies Education
Family and Consumer Sciences Education, BS	Sociology, BA
History, BA	Special Education, BS
Industrial Education, BS	Speech Pathology and Audiology, BA
Industrial Engineering Technology, BS	Studio Arts, BA
Management, BS	

GRADUATE

Agribusiness, MS	Individual and Family Development, MS
Agribusiness/Entrepreneurship, MBA	Nutritional Sciences, MS
Counselor Education, Med	Rehabilitation Therapeutic Services, Other, PMCERT
Early Childhood Education, MAT	Rehabilitation Counseling, MA
Education Administration, EDD, EDS	Secondary Education, Med, MAT
Elementary Education, MAT, Med	Special Education, Med
Environmental Science/Studies, PB	Speech Pathology and Audiology, MA
Human Development Consultant, CERT	Transportation, MS

BA-Bachelor of Arts

BS-Bachelor of Science

BSW-Bachelor of Social Work

CERT-Certificate

EDD-Doctor of Education

EDS-Specialist

PB-Post Bachelors

MA-Master of Arts

MAT-Master of Arts in Teaching

MBA-Master of Business Administration

MED-Master of Education

MS-Master of Science

PMCERT-Post Masters Certificate

DEMOGRAPHIC STATISTICS

State of South Carolina
Last Ten Calendar Years

Year	Population as of June 30 (a)	Total Personal Income (b)	Per Capita Income (b)	Average Annual Unemployment Rate (c)
2010	4,625,364	153,391,793	33,163	10.9%
2009	4,561,242	145,041,489	31,799	11.8%
2008	4,479,800	146,337,147	35,419	12.1%
2007	4,407,709	135,849,999	31,013	5.9%
2006	4,321,249	129,864,269	29,515	6.5%
2005	4,246,933	120,220,459	28,285	6.7%
2004	4,194,694	113,602,655	27,090	6.8%
2003	4,142,356	107,202,298	25,880	6.7%
2002	4,102,122	104,045,505	25,370	5.9%
2001	4,060,728	101,467,689	24,988	5.2%

(a) Source U.S. Census Bureau

(b) Source U.S. Board of Economic Advisors

(c) Source U.S. Department of Labor

State of South Carolina
Ten Largest Employers
Latest Completed Calendar Year and Seven Years Prior^a
(Listed alphabetically)

2009	2001
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Greenville Hospital System	Michelin North America Inc.
Michelin North America Inc.	Springs Industries, Inc.
Palmetto health Alliance, Inc.	U.S. Department of Defense
U.S. Department of Defense	University of South Carolina
U.S. Postal Office	UPS-SC District
University of South Carolina	Wal-Mart Stores Inc.
Wal-Mart Stores Inc.	Westinghouse Savannah River

^a The ten largest employers prior to calendar year 2001 are unavailable.

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Department of Department of Employment and Workforce

STATE OF SOUTH CAROLINA

Employment by Industry

Latest Completed Calendar Year and Nine Years Prior

Sources	2000		2009	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Contract construction	114,600	6.2%	87,500	4.8%
Manufacturing:				
Durable goods	159,900	8.6%	117,400	6.4%
Nondurable goods	176,600	9.5%	96,500	5.3%
Transportation, communication, and public utilities	94,900	5.1%	87,600	4.8%
Wholesale and retail trade:				
Wholesale	62,800	3.4%	65,800	3.6%
Retail	237,000	12.7%	223,400	12.3%
Finance, insurance and real estate	87,500	4.7%	101,600	5.6%
Services and mining	602,900	31.7%	692,200	38.0%
Government:				0.0%
Federal	31,400	1.7%	31,400	1.7%
State and local	291,500	15.7%	317,900	17.5%
Total wage and salary employment	1,859,100	100%	1,821,300	100%

Note: Current data was not available at time of publication

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